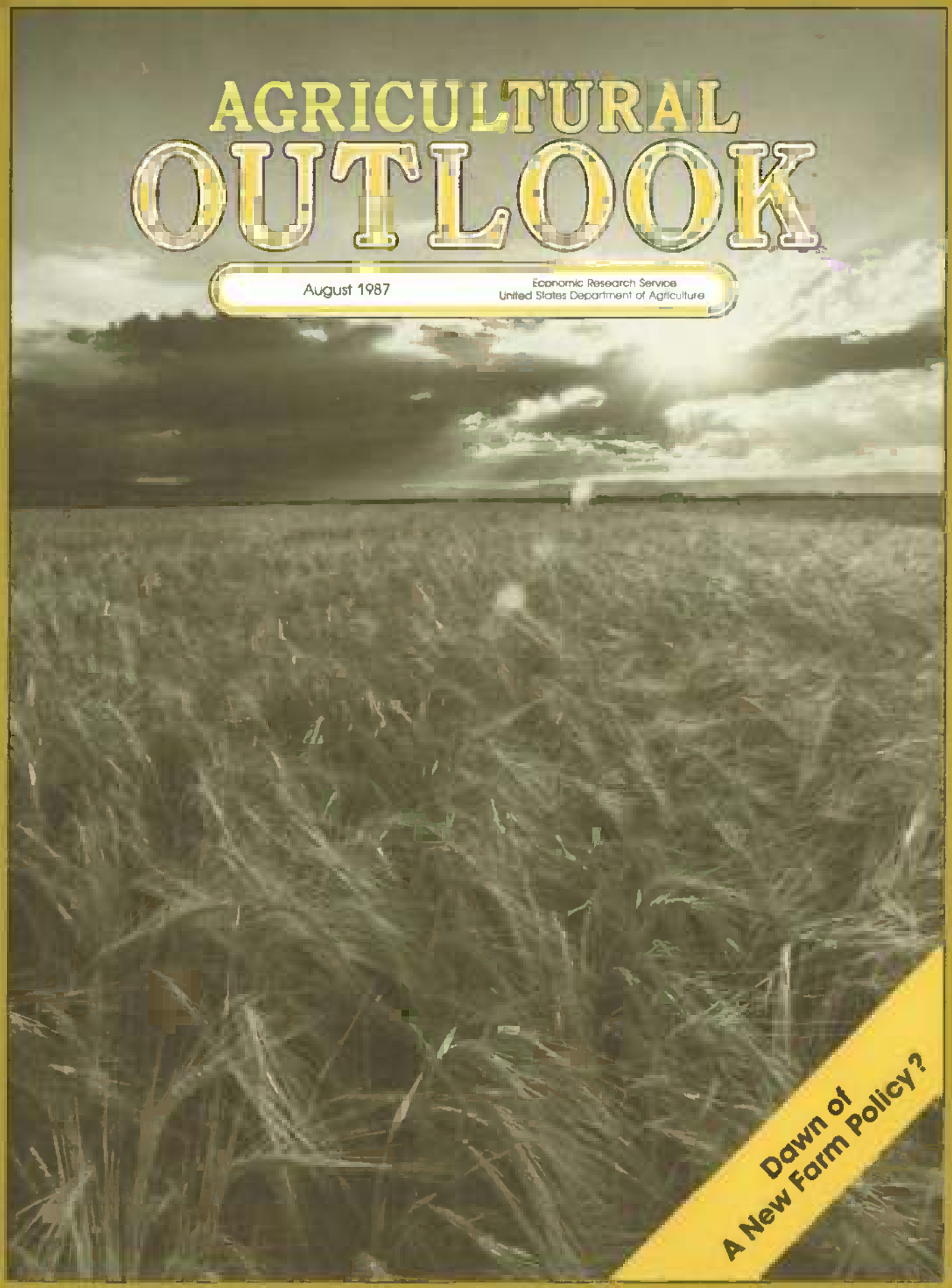
AGRICULTURAL OUTLOOK

August 1987

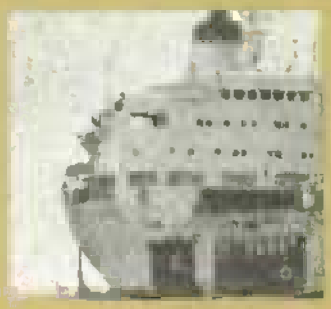
Economic Research Service
United States Department of Agriculture



Dawn of A New Farm Policy?

AGRICULTURAL OUTLOOK

August 1987/AO-133



Departments

2 Agricultural Economy
Commodity Spotlights
12 Hog Expansion Confirmed
13 Certificate Options at Harvest for Wheat Farmers
16 The U.S. Almond Industry
19 Resources
20 Food and Marketing
23 Farm Finance
25 Agricultural Policy

Special Articles

37 Export Growth Markets for U.S. Grains and Oilseeds
40 Disparities in Parity

Statistical Indicators

43 Summary Data
44 U.S. and Foreign Economic Data
45 Farm Prices
46 Producer and Consumer Prices
48 Farm-Retail Price Spreads
49 Livestock and Products
53 Crops and Products
57 World Agriculture
58 U.S. Agricultural Trade
61 Farm Income
64 Transportation
64 Indicators of Farm Productivity and Input Use
64 Food Supply and Use

Economics Editor — Clark Edwards (202) 786-3313
Associate Economics Editor — Herb Moses (202) 786-3313
Managing Editor — Eric Sorensen (202) 786-1494
Editorial Staff — Shirley Hammond
Statistical Coordinator — Ann Duncan (202) 786-3313
Design Coordinator — Carolyn Riley
Design Staff — Barbara Allen
Production Staff — Brenda Powell
Composition — Joyce Bailey

Contents of this report have been approved by the World Agricultural Outlook Board, and the summary was released July 17, 1987. Materials may be reprinted without permission. Agricultural Outlook is published monthly, except for January/February combined issue. Price and quantity forecasts for crops are based on the July 9 World Agricultural Supply and Demand Estimates.

Annual **subscriptions**: $26 U.S., $32.50 foreign. Order from ERS Publications, 1301 New York Ave., NW, Room 228, Washington, D.C. 20005-4789. Make check payable to ERS Publications. You will receive a copy of the current issue and acknowledgement of your subscription order. For further information, call (202) 786-1494. Subscriptions also available from the Government Printing Office; for information, call the GPO order desk at (202) 783-3238.

The next issue of Agricultural Outlook (AO-134) is scheduled for mailing on September 3, 1987. If you do not receive AO-134 by September 17, call the managing editor at (202) 786-1494 (be sure to have your mailing label handy). The full text and tables of AO-134 will also be available electronically; additional information on this is available at (202) 447-5163.

In Brief . . . Hog Numbers Up, Farm Costs Down, New Bills Outlined

Market signals for livestock and poultry continue to be favorable. Production costs are lower and product prices are generally stable to higher. Total meat and poultry consumption is at a record high. Per capita consumption of meat and poultry for 1987 is estimated to increase 1-2 pounds, up slightly from the 214.3 pounds per capita consumed in 1986. Larger meat and poultry supplies will put downward pressure on prices in second-half 1987.

The June **Hogs and Pigs** report confirmed that hog producers are expanding their breeding herds and planning an 8-percent increase in the number of sows farrowing in second-half 1987. During December 1986-February 1987, the number of sows farrowing rose 4 percent, the first significant qnarterly year-over-year rise since June-August 1983. The expansion is in response to the relatively high retnrns over cash and replacement costs that producers have received since mid-1986.

The world will harvest large grain crops again in 1987/88, although output of wheat and feed grains will be down somewhat. Stocks will remain very large and world market prices low. Another record world oilseed crop is in prospect, although U.S. soybean output could drop again. In the case of cotton, however, the massive oversupply of several years ago has changed dramatically. While 1987/88 output is expected to recover sharply, both in the U.S. and abroad, world cotton use could exceed production and stocks could fall to near-normal levels.

Net cash income is forecast at $52-56 billion this year, compared with $53 billion in 1986. Production expenses are lower than in 1986. Stronger livestock receipts and increased Government payments are expected to partially offset reduced crop receipts.

Total 1986 farm expenses were $12 billion below 1985, according to recent revisions. This record drop more than offset revenue reductions, and boosted revised 1986 net cash income to $53

billion, up $6 billion from a year earlier. Bills for manufactured inputs, feed, interest, and overhead were all lower. These savings resulted from fewer planted acres, reduced quantities of inputs at lower prices, and managerial responses to a changing economic environment.

Farmland values appear to be stabilizing, after falling 8 percent from February 1986 to February 1987. Prospects for improved earnings, lower average interest rates than last year, and lower debt-to-asset ratios are helping to stabilize farmland values. The large supply of available land and the small interest-rate rise may hold prices down.

Improved prospects for farm earnings this year could attract more younger operators into farming, as an alternative to non-farm jobs. This follows from the relation of past changes in economic conditions to the net entry of younger farmers and the total number of farms. The number of farms in the United States grew from 865,000 in 1974 to 942,000 in 1978, a period when farm income prospects were favorable. But by 1982, when revenues had fallen and expenses risen, these farms declined to 884,000.

The Consumer Price Index for food is rising faster in 1987 than in 1986. The 1987 forecast is for a 3- to 5-percent increase compared with 3.2 percent in 1986. Much of that increase occurred in the first half of this year. The price indexes for red meats, poultry, and fresh fruits for the first 5 months of 1987 were well above the same period in 1986. In contrast, prices for eggs and nonalcoholic beverages averaged slightly less. While a number of food prices are expected to decline in the second half of 1987, strong first-half prices will result in the largest annual increase in the general price level since 1982.

Various bills have been introduced in Congress this year reflecting constituents' concerns about agricultural policy. Some bills would introduce mandatory production controls and others would decouple Government payments to farmers from farm production decisions. Most of the bills deal with wheat, feed grains, and soybeans.

Parity prices are central to some bills introduced this year, and are the subject of several hearings. Parity, as defined in permanent agricultural legislation, overstates the prices needed to make a commodity's purchasing power the same as during the base period of 1910-14. This is because of the way increases in productivity and farm size are excluded, and the way taxes and interest are handled.

The volume of U.S. exports of grains and oilseeds is increasing during calendar 1987 to 128.6 million wheat-equivalent tons from the recent low of 110.6 million in 1986. This upturn follows a 6-year decline (1980-86). In the next decade, most of the import growth for grains and oilseeds likely will come from a few, mostly middle-income countries in intermediate stages of economic development. As world grain and oilseed imports grow, U.S. farmers will want to maintain or increase their trade share.

Agricultural Economy

The past half-century's continued and sustained increases in U.S. agricultural productivity have averaged just under 2 percent per year. Input changes show up in farm productivity statistics mostly as the use of more capital and purchased farm inputs, and of less labor, on about the same amount of land. The labor reductions nearly offset the capital increases, resulting in little overall input change.

With total inputs about coustant, output rises almost 2 percent per year. Domestic markets for farm products are growing close to 1 percent per year, which means that more U.S. farm products are available for export. From the farmer's point of view, expanding export markets are needed to absorb the products of agriculture's increasing capacity.

The rate of change in productivity has varied. Output per unit of input advanced rapidly during World War II as labor moved off the farm and capital moved in. The pace slowed during most of the 1950's. During the early 1960's, productivity again advanced at a pace that paralleled that of wartime. Since the late 1960's, the periods of faster and slower progress became shorter (1 to 3 years) and more volatile.

We tend to think of increases in the measured productivity of the farm sector as the outcome of science—the adoption of new technology. One major past increase came from switching from horses to tractors; future increases are expected from growth hormones and genetic engineering.

Technical adoption may be the best way to talk about changing productivity on an individual farm. But the concept gets fuzzy when we combine the events occurring on two million farms into a single productivity index. This is what economists have called the aggregation problem.

Observed variations in farm-sector productivity are not explained entirely by the rate of adoption of new technology. The productivity measure also responds to:

- adjustments by farmers to changes in relative prices and resource availabilities;
- changes in the demand for farm products, because the level of output adjusts more rapidly to wartime demands or volatile export markets than does the level of inputs;
- regional shifts in the location of production without any technological change in any of the affected regions;
- changes in the financial environment of the farm sector, such as inflation or credit availability; or
- changes in such factors as the age of farm operators, tenure, legal form of organization, and farm size.

For example, the U.S. average corn yield is about 80 bushels per acre higher than it was a half-century ago. But States with higher yields have increased acreage harvested over the years, while States with lower yields have decreased acreage. This locatioual shift accounts for about 10 bushels per acre of the reported increase.

Yields within a State depend on other factors in addition to technology. They vary with location and soil type. Corn in Missouri planted north of the Missouri River tends to yield about 2 more bushels per acre than corn south of the river. Yields on Missouri farms have been found to increase as farmers used more energy-intensive resources, specialized in grain production, or expanded their farm size.

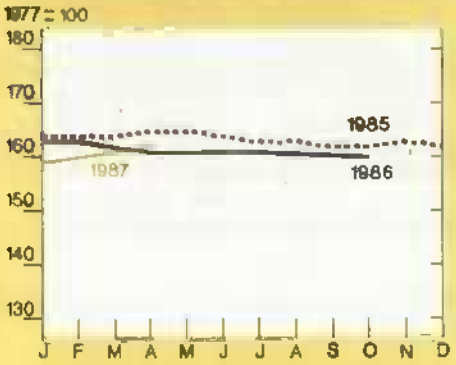
Yields were higher on farms operated by younger persons, by corporations, or by part owners. When the proportions among types of farms change within a State, the measure of State average yield changes even though there may have been no technological change for any of the types of farm. This means that changes in the "structure of agriculture" affect productivity measures beyond what can be attributed to science and technology.

As a few farmers adopt a new way of doing things, measures of sector performance reflect the change. Like the chocolate and vanilla in a marbled cake, adopters and nonadopters make different contributions to the farm sector. For example, when farmers in the Corn Belt had pretty much switched to hybrid corn, farmers in other States had barely begun the transition. Adopting farmers earned higher incomes than those who had not yet adopted. But as they did so, they increased corn production and thus reduced prices received. Consequently, incomes could fall both for those who had already adopted and for nonadopters, as overall income rose in response to the increasing productivity.

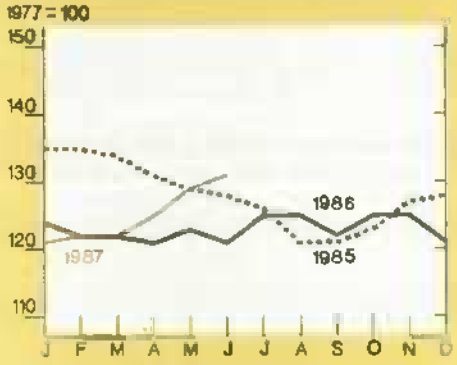
Events changing the way farmers do things, whether science and technology, structural change, or participation in Government programs, cannot be fully understood in terms of the aggregate sector, only in terms of structure. Technical progress and participation in Government programs can, themselves, be understood as structural change. Structure is described by distributions of attributes within the farm sector, not by attributes of the entire sector. If distributional and institutional changes are accounted for, then farm output and income can be forecasted, explained, and analyzed more accurately, and policy analyses can be improved. *[Clark Edwards (202) 786-3313]*

Prime Indicators of the U.S. Agricultural Economy

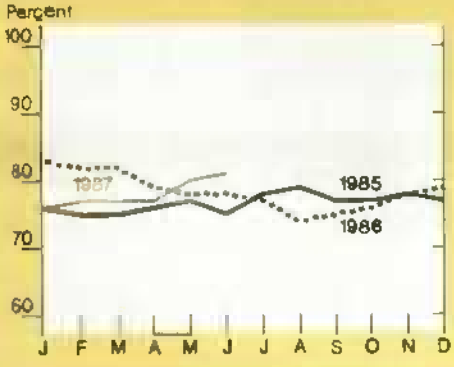
Index of prices paid by farmers[1]



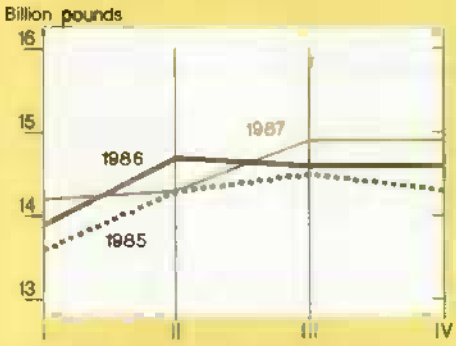
Index of prices received by farmers[2]



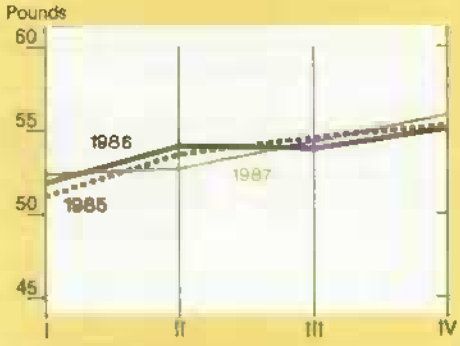
Ratio of prices received to prices paid



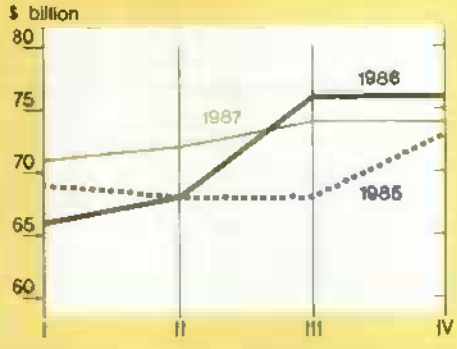
Red meat & poultry[3] production



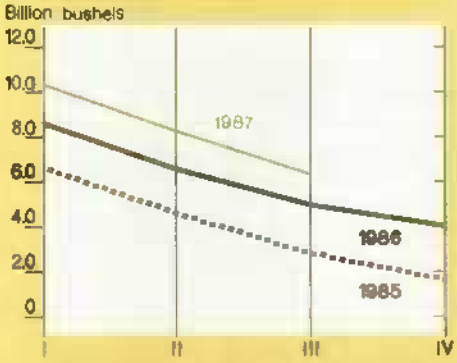
Red meat & poultry consumption, per capita[3,4]



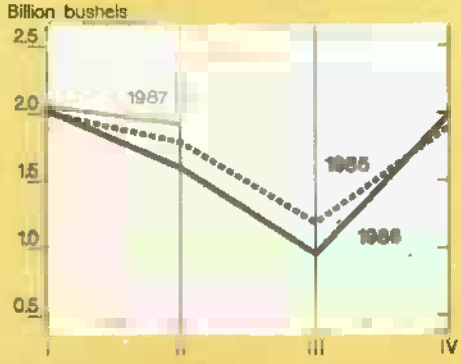
Cash receipts from livestock & products[5]



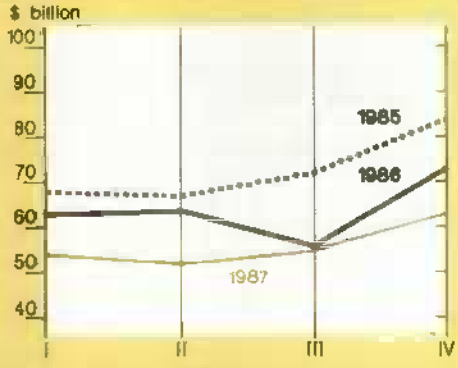
Corn beginning stocks[6]



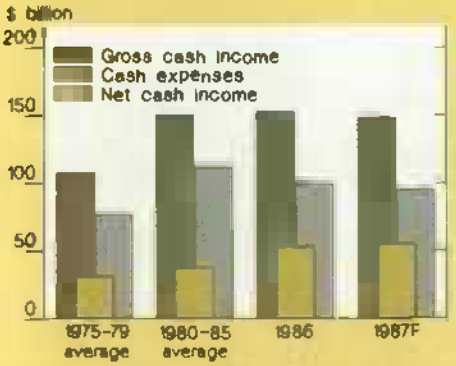
Corn disappearance[6]



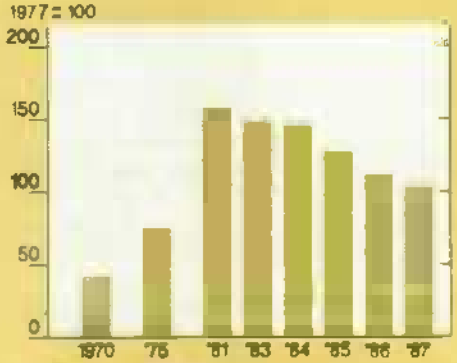
Cash receipts from crops[5]



Farm net cash income



Farm real estate values



Farm value/retail food costs

[1]For commodities and services, interest, taxes, and wages. Beginning in 1986 data are only available quarterly. [2]For all farm products. [3]Calendar quarters. Future quarters are forecasts for livestock, corn, and cash receipts. [4]Retail weight. [5]Seasonally adjusted annual rate. I = Dec.–Feb.; II = Mar.–May; III = June–Aug.; IV = Sept.–Nov.

LIVESTOCK OVERVIEW

Market signals for livestock and poultry continue to be favorable. Production costs are lower and product prices are generally stable to higher. Total meat and poultry consumption is at a record high. Per capita consumption of meat and poultry for 1987 is estimated to increase 1-2 pounds, up slightly from the 214.3 pounds per capita consumed in 1986 (table 10).

Larger meat and poultry supplies will put downward pressure on prices in second-half 1987.

Livestock and poultry processing firms are continually adjusting packaging and marketing strategies to maintain and expand their shares of a slowly growing market. The use of branded fresh products, aggressively adopted by the broiler industry, is now being tested by fresh beef and pork packers.

This is part of the trend demonstrated by a few firms who are producing and marketing all types of meat products.

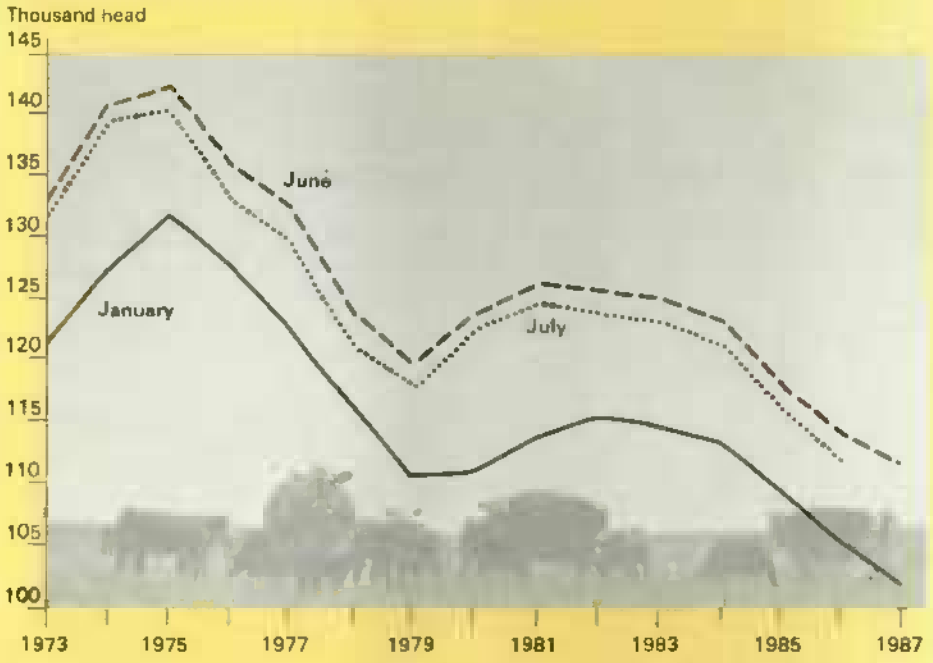
For example, one firm is now a recognized leader in lamb, pork, seafoods, and poultry. Its recent and pending acquisitions also would make it a major beef packer. This latest in a series of mergers and acquisitions among packers and processors will likely renew questions about the effects of in-

Cattle Inventory Report Shifted To June from July

The mid-year Cattle Inventory Report of the National Agricultural Statistical Service (NASS) will now be a June 1, rather than July 1, figure. Starting with 1987, NASS changed data collection procedures. The June 1 inventory by classes from 1973 through 1986 was released in the January report to provide a base for evaluating the new inventory, which was released June 30, 1987. The new report was based on a NASS area and multiple frame sampling procedure collected in early June. Only national-level cattle inventory estimates are in the June report; State-level statistics are in the beginning of the year report. The schedule for the monthly and quarterly cattle on feed reports is unchanged.

The June 1 cattle inventory usually exceeds the previous January 1 inventory by an average of 8.8 percent, mostly a result of cows calving during the late winter and spring months.

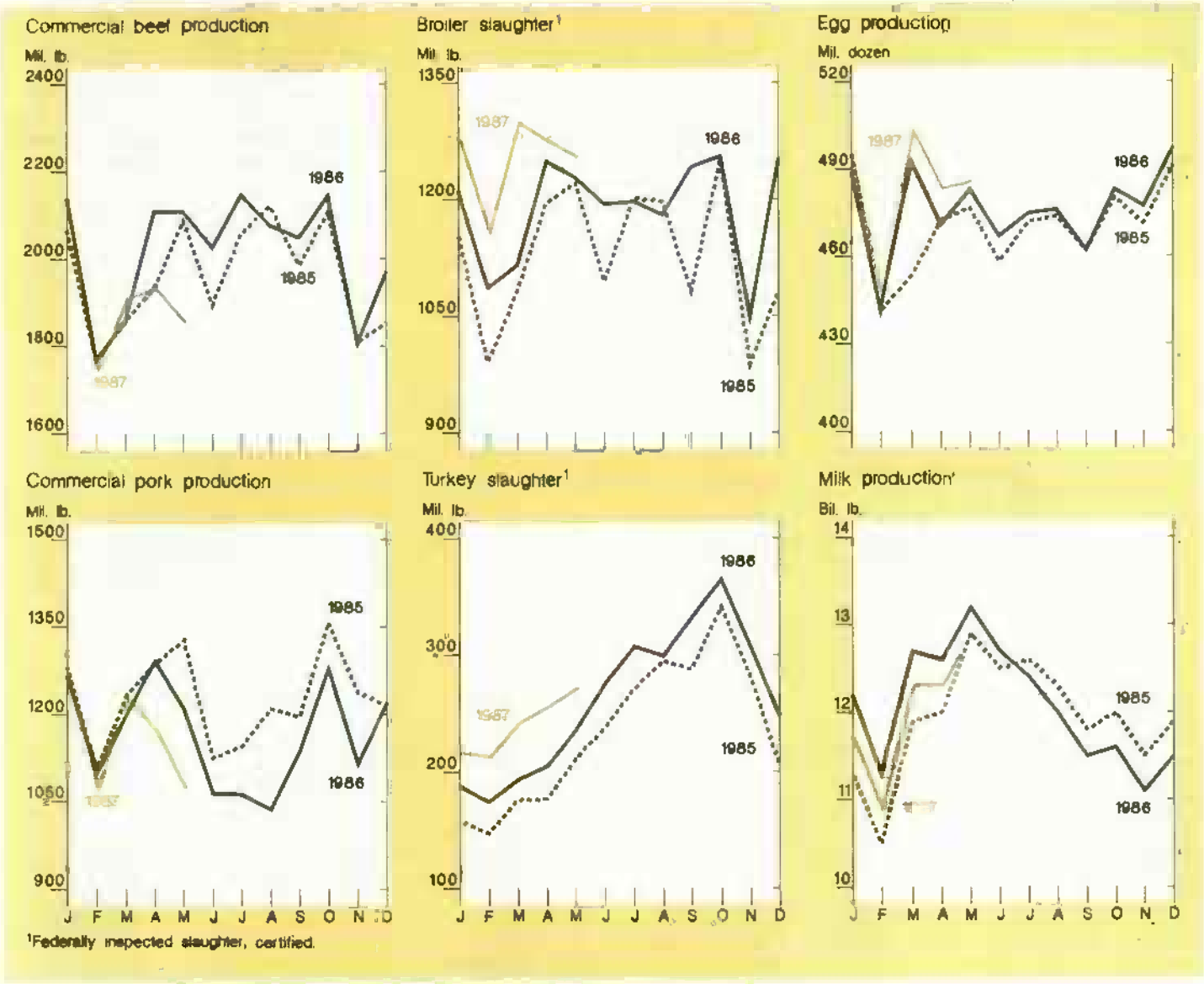
Cattle Inventory Now Reported In June



June 1 cattle inventory also shows a larger increase from the January inventory than does the July inventory by about 1.6 percent. This is because more cattle are slaughtered during June than there are calves born. *(John Ginzel (202) 786-1830 and Robert Cole (202) 447-6880)*

June Cattle Inventory By Classes, 1,000 Head

	Total cattle	Beef cows	Milk cows	Beef heifers	Dairy heifers	Other heifers	Over 500 lb Steers	Over 500 lb Bulls	Under 500 lb calves	Jan-May calf crop
1973	132,900	42,750	11,450	7,100	3,800	7,600	18,500	2,700	39,000	NA
1974	140,900	45,750	11,250	7,800	3,800	7,600	19,300	2,900	42,500	NA
1975	142,300	47,450	11,150	7,300	3,800	8,100	17,900	3,100	43,500	NA
1976	136,200	43,450	11,050	6,400	3,800	9,000	19,400	2,700	40,400	NA
1977	132,900	41,750	10,950	5,700	3,900	9,000	19,500	2,700	39,400	31,950
1978	124,000	38,100	10,800	5,300	3,900	9,300	18,600	2,500	35,500	29,550
1979	120,100	37,300	10,700	5,600	4,000	8,100	17,400	2,500	34,500	28,350
1980	124,300	39,300	10,800	5,700	4,300	8,000	17,100	2,600	36,500	30,600
1981	126,500	40,300	10,900	6,100	4,500	7,900	16,900	2,700	37,200	30,200
1982	126,000	39,300	11,000	5,900	4,700	8,100	17,000	2,700	37,300	29,650
1983	125,500	38,800	11,100	5,600	4,800	8,400	17,500	2,600	36,700	29,650
1984	123,700	38,400	10,800	5,400	4,800	8,500	17,200	2,500	36,100	28,950
1985	118,200	35,600	11,000	4,800	4,900	8,800	16,500	2,300	34,300	27,950
1986	114,400	34,500	10,900	4,700	4,600	8,500	16,100	2,200	32,900	28,250
1987	112,100	34,600	10,400	4,700	4,500	7,900	15,700	2,200	32,100	28,300



[1]Federally inspected slaughter, certified.

creased market concentration on producers, other meat packers, and consumers. Plants controlled by the new top four firms killed approximately 65 percent of all steers and heifers in 1986.

Beef Cow Numbers Up

Midyear beef cow numbers were slightly above a year earlier, and the beef replacement heifer inventory was unchanged, according to the June Cattle Inventory. However, dairy cow and dairy replacement heifer inventories continue to decline.

The cattle inventory is 112 million head, 2 percent below a year earlier and the smallest since mid-year inventories were available. But the inventory appears to be showing early signs of stabilizing near this reduced level. Given the long biological time lag required to expand the cattle herd, a rapidly expanding calf crop is still several years in the future. Cyclic expansion typically begins with a reduction in cow and heifer slaughter, followed by an expansion of the calf crop.

The preliminary estimate of the annual calf crop for 1987 is 40.7 million head, fractionally less than a year earlier and the smallest since 1961. However, the January-May calf crop this year is reported at 28.3 million head, slightly larger than a year earlier. Historically, about two-thirds of the annual calf crop is born during January-May to take advantage of good pasture and range conditions.

Feeder cattle supplies will be tighter for the last half of 1987 and early 1988; there were fewer heifers over 500 pounds, steers over 500 pounds, and calves under 500 pounds.

Broiler Expansion Continues

Broiler slaughter for 1987 may be 7-9 percent above last year. Production during January-May ran 6 percent ahead of the same period last year. But broiler chicks hatched during January-May were 7 percent above

the same period last year. Average weights were up from a year ago, so first-half production likely was about 8 percent greater. Cumulative placements in the broiler hatcheries that supply the flock through next December are about 14 percent above the previous year, indicating that production will continue to increase. Weekly broiler slaughter at Federally inspected plants exceeded 100 million head for the first time during the reporting week ending June 17. The weekly slaughter averaged around 93 million for the first half of 1987.

Second-quarter whole-bird wholesale prices in the 12-city composite averaged 48 cents per pound, down from 54 in 1986. With large broiler supplies, summer prices are expected to average in the mid-to-upper 40's. Prices in October-December could be in the mid 40-cent range, down from last October-December's 56 cents.

Broiler exports in the first quarter were up 17 percent over the first quarter of last year. They are expected to be up about a third for all of 1987 because of Export Enhancement Program shipments, primarily to the Middle East, and because of increased exports to Japan.

Turkey slaughter for 1987 is up 20 percent over January-to-May 1986. Average prices for 8-to-16 pound hens in New York in the second quarter were 56 cents per pound, down from 69 cents last year. Poult placements for slaughter during the second half of 1987 have dropped to levels consistent with the forecast for second-half production: up 15 percent over 1986.

Cold storage turkey holdings at the end of May were up 31 percent from a year ago. With production expected to continue increasing, stocks are likely to continue to rise and put strong downward pressure on second-half prices. With burdensome supplies, third-quarter prices are predicted in the 54- to 58-cent-per-pound range, down from 80 cents in 1986. Prices are expected to remain under the pressure of large supplies in the fourth quarter and average 55 to 61 cents, down from 79 cents in 1986.

Egg prices in 1987 are expected to be below those in 1986 as production expands. Production in the first 5 months of 1987 was 1.4 percent higher than the same period in 1986. Per capita supplies are expected to be close to 1986's, although long-term per capita consumption continues to trend downward. Egg producers are expected to have enough hens laying in the summer and fall to increase production around 1 percent from last year.

Egg prices strengthened during June, rising 11 cents per dozen during the month. Second-quarter prices for cartoned Grade A large eggs in New York averaged 59 cents per dozen, down from the 1986 price of 63.4 cents. Prices in the second half of 1987 likely will average 62-66 cents per dozen, down from 73 cents in 1986.

Exports of eggs from January through April remained 7 percent below the same period a year ago and may average 2 percent less for all of 1987. While the less-expensive dollar makes U.S. egg purchases attractive, large world supplies may offset the low-dollar advantage.

Dairy Stocks Low

Commercial stocks of butter and American cheese grew substantially this spring. Between April 1 and June 1, commercial butter holdings rose more than 30 percent, while American cheese stocks were up 11 percent. However, this seasonal rebuilding was not enough to return commercial stocks to comfortable levels, particularly for cheese. Commercial cheese holdings on June 1 were the lowest for that date since the early seventies, when cheese sales were far smaller.

Commercial stocks have become much more important because of this year's tighter dairy markets. This summer and fall, lower milk production and larger commercial use may eliminate Government purchases, leaving commercial stocks as the primary buffer against price increases. With low commercial cheese stocks, seasonal cheese price rises are likely, and conditions slightly tighter than now expected could generate substantially larger price increases.

During June, strong early-season increases brought butter prices close to the price at which Government stocks are available. Since butter prices are unlikely to rise much further, there is less incentive to carry more than minimum stocks. *[Lee Christensen (202) 786-1830]*

For further information, contact: Ron Gustafson, cattle; Leland Southard, hogs; Mark Weimer, poultry and eggs; and Jim Miller, dairy; (202) 786-1830.

FIELD CROPS OVERVIEW

The world will harvest large grain crops again in 1987/88, although output of wheat and feed grains will be down somewhat. Stocks will remain very large and world market prices low. Another record world oilseed crop is in prospect, although U.S. soybean output could drop again. In the case of cotton, however, the massive oversupply of several years ago has changed dramatically. While 1987/88 output is expected to recover sharply, both in the U.S. and abroad, world cotton use could exceed production and stocks could fall to near-normal levels.

Growing conditions improved appreciably in the Delta and Southeast with beneficial rains from mid-June through early July. As of early July, soil moisture conditions in the Midwest were mixed, with the eastern Corn Belt too wet and the western Corn Belt and Lake States needing moisture. The corn crop in much of the Corn Belt pollinated 2 to 3 weeks early this year due to early planting, and timely rains from May through early July in areas reporting below-normal soil moisture. As a consequence, growing conditions east of the Plains were generally good for most major crops as of mid-July. However, conditions remained extremely dry throughout the Far West.

Seventy percent of the 1987/88 U.S. winter wheat crop was harvested by July 12, compared with 72 percent last season and a 63-percent average from 1982/83 to 1986/87. The harvest was virtually complete in Oklahoma, Arkansas, and Illinois, and was over 95 percent complete in Kansas, Texas, and California. The crop is good to fair in most major producing States, except in Arkansas, Oklahoma, Michigan, and South Dakota, where 10 to 35 percent of the crop was in poor or very poor condition. However, Kansas, with over one-fifth of the U.S. crop, reported mostly excellent conditions.

The spring wheat crop was in good-to-excellent condition in Idaho, and good to fair in Minnesota, Montana, and the Dakotas where dry weather slowed development. In these 5 major producing States, where 95 percent of the spring wheat crop was harvested last season, 98 percent of the crop had headed by July 12, compared with an 82-percent average.

Conditions for corn, soybeans, grain sorghum, cotton, and rice were quite favorable overall. Rain during June and early July over most of the Corn

Belt and the Southeast put the corn crop in mostly good condition. With a few exceptions, conditions for soybeans, grain sorghum, cotton, and rice were good to fair. On a related note, last winter's mild weather led to the current severe infestations of boll weevils throughout most of the southern producing States. From Georgia to Texas, entomologists are predicting potentially significant yield reductions.

In early June, market prices for corn and soybeans strengthened, in part over concern with dry weather. Beneficial rains in much of the Midwest and South during the past few weeks improved growing conditions, which led to lower market prices. Prices at the end of June were down 25 cents from the mid-June peak to around $1.60 a bushel for corn, and down about 50 cents to $5.30 for soybeans.

1987 Plantings Down

Area planted to the 10 major field crops was down over 8 percent from last season to 247 million acres. Food grain plantings were down 9 percent and feed grain plantings were off by about 11 percent, although Durum wheat area rose 6 percent and oat area was up 22 percent to 18 million acres. Much of the increase in oat plantings was due to heavy enrollment in acreage reduction programs. Oats are commonly planted as a cover crop on idled area, and cannot be harvested.

Actual plantings for most crops were in line with Prospective Planting intentions reported last March, except for soybeans, corn, and oats. Farmers planted 58.7 million acres of soybeans, down 4.5 percent from a year ago but 1.8 million more than indicated in March. States with the largest increases were Arkansas, Kansas, and Ohio with 350,000 acres each, Indiana with 200,000, and Mississippi with 450,000. Corn plantings of 66 million acres are 1.5 million less than farmers intended to plant as of March. Plantings exceeded intentions for oats by 2.3 million acres.

Production estimates for most major crops for 1987/88 were basically unchanged in July from a month earlier, except for those crops where actual and intended plantings differed significantly. The soybean crop estimate was raised 4 percent to 1.9 billion bushels. But the corn crop estimate was lowered just under 1 percent to 7.15 billion bushels. The oat crop estimate was reduced 15 percent to 410 million bushels, based on a reduction in estimated harvested area.

Reduced production and carryin estimates, and increased feed use estimates for 1987/88, led to mostly upward revisions from June to July in 1987/88 average market price estimates—$1.60-$1.90 to $1.70-$2.00 for corn, $1.50-$1.80 to $1.55-$1.85 for grain sorghum, $1.10-$1.30 to $1.20-$1.60 for oats, and $3.45-$4.25 to $3.60-$4.40 for rice. The average market price for soybeans, however, was lowered from $4.75-$5.25 to $4.70-$5.00 with the release of the plantings estimate and the improved growing conditions in the Midwest and South during June.

U.S. Field Crop Planted Acreage

Crop	1984	1985	1986	1987	1986-87 planting change
	Million acres				Percent
Food grains	82.04	78.09	74.43	67.51	-9.3
Wheat	79.21	75.58	72.03	65.16	-9.5
Winter	63.42	57.75	53.93	48.52	-10.0
Durum	3.28	3.21	2.99	3.16	5.7
Other spring	12.52	14.62	15.11	13.49	-10.7
Rice	2.83	2.51	2.40	2.34	-2.5
Feed grains	122.16	128.16	119.76	106.78	-10.8
Corn	80.54	83.45	76.67	66.02	-13.9
Grain sorghum	17.25	18.29	15.32	11.77	-23.2
Barley	11.96	13.16	13.06	11.02	-15.6
Oats	12.41	13.26	14.71	17.96	22.1
Other					
Soybeans	67.76	63.13	61.48	58.69	-4.5
Peanuts	1.56	1.49	1.57	1.53	-2.5
Sunflowers	3.75	3.06	2.03	1.73	-14.8
Cotton	11.15	10.68	10.04	10.45	4.1
Upland	11.07	10.60	9.93	10.32	3.9
Pima	0.08	0.084	0.11	0.13	18.2
Total	288.42	284.61	269.32	246.67	-8.4

1988 Wheat Program Announced

Following a lengthy debate, Secretary Lyng announced the 1988 wheat program in early July. The program calls for participants to idle 27.5 percent of their base acreage to be eligible for program benefits. Neither a voluntary paid land diversion program nor a marketing loan will be implemented. The basic loan rate was reduced by the maximum 5 percent from $2.85 to $2.71, and the the maximum Findley adjustment of 20 percent was made, which puts the 1988 support level at $2.17 a bushel. The target price was lowered 2 percent to $4.29, setting the maximum wheat deficiency payment at $2.12 a bushel.

Certificate Update

Through mid-June, about $8.28 billion worth of generic certificates had been issued, mostly to farmers through various commodity programs, and to a lesser extent to merchants through the Export Enhancement (EEP) and Targeted Export Assistance (TEA) programs. Another $1.22 billion in certificates has been authorized for issuance through August, which will raise total issuances to $9.46 billion.

As of July 1, 1987, $7.35 billion of certificates had been exchanged, leaving $2.12 billion for exchange in coming months. If weekly exchanges in the near term are equivalent to the $160-million weekly average thus far for the June-August quarter, certificates currently available or to be issued through August should be sufficient to cover exchanges through September.

Certificate exchanges could be strong this summer for several reasons. If wheat prices fall below the loan rate during harvest, some farmers may use certificates to make Quick-PIK exchanges for new-crop wheat placed under loan. (See Commodity Spotlight.) Also, corn farmers may use certificates to redeem either Farmer-Owned

Generic Certificate Availability

Issuance	$ million
ACTUAL	
Deficiency and diversion payments 1/	7,036
Other 2/	1,239
Total	8,275
AUTHORIZED (June-September 1987) 3/	
1986 final outstanding deficiency payments	56
1987 final diversion payments	804
1987 Cons. Reserve Program	
Corn Bonus Program	103
Export Enhance. & Targeted	
Export Assistance Programs	225
Total	1,188
TOTAL, actual and authorized	9,463
CERTIFICATE EXCHANGES (April 1986-July 1, 1987)	7,346
CERTIFICATE AVAILABILITY (June-September 1987)	2,117

1/ Issued through June 15, 1987. 2/ Most issued through June 29, 1987. 3/ Remaining balances to be issued through August 1887.

Cumulative Generic Certificate Exchanges as of July 1, 1987

Commodity 1/	CCC Inventory	Producer loans	Total
Food grains			
Wheat			
Volume (mil. bu.)	182.8	353.0	535.8
Value ($ mil.)	451.5	871.8	1,323.2
Rice			
Volume (mil. cwt.)	34.8	0.03	34.8
Value ($ mil.)	118.4	0.11	118.5
Feed grains			
Corn			
Volume (mil. bu.)	147.3	3,121.7	3,269.0
Value ($ mil.)	243.6	5,163.1	5,406.6
Grain sorghum			
Volume (mil. bu.)	40.6	135.3	175.9
Value ($ mil.)	70.8	235.9	306.6
Barley			
Volume (mil. bu.)	33.6	87.8	121.4
Value ($ mil.)	43.7	114.1	157.8
Cotton			
Volume (mil. bales)	0.81	5.69	6.50
Rye, oats, soybeans			
Value ($ mil.)	9.95	23.5	33.5
Total value ($ mil.) 2/	937.9	6,408.4	7,346.3

1/ Other program commodities, for which few or no exchanges have been made, include honey, nonfat dry milk, butter, and cheese. 2/ Does not include values for cotton exchanges.

Source: Agricultural Stabilization and Conservation Service, USDA.

Reserve loans or regular loans to free up storage capacity before harvest to make room for this season's crop. Further EEP sales of wheat and barley could spur additional exchanges.

During the March-May quarter, certificate exchanges are estimated to have lowered the average farm price for wheat by 5 to 10 cents below what it would otherwise have been. This came about primarily because 117 million bushels of wheat were exchanged from CCC stocks that normally would not have been available to the market. Wheat exchanges lowered the 1986/87 average farm price for wheat of $2.42, by 2 to 8 cents. Certificate exchanges for corn lowered the March-May average farm price by 20 to 25 cents, with corn exchanges for the quarter totaling 1.64 billion bushels. These prices have encouraged use, helping to work off crop surpluses.

Feed Grain and Soybean Stocks Are Record High

The June 30 **Grain Stocks** report indicates record stocks for corn, grain sorghum, barley, and soybeans on June 1, but declining stocks for wheat and oats. Corn stocks on June 1 totaled 6.33 billion bushels, 27 percent more than a year earlier and equivalent to 86 percent of total use for 1986/87. About 55 percent of the corn stocks were stored on-farm. Sorghum stocks were up 30 percent to 822 million bushels, of which 82 percent were stored off-farm. Barley stocks were up by just 4 percent to 336 million bushels. Oat stocks, however, were reported to be 28 percent lower at 133 million bushels, due to the reduced output last fall.

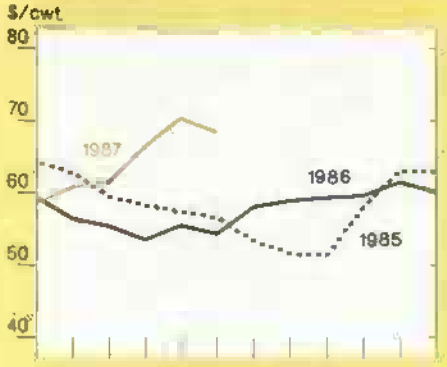
June 1 carryin stocks for wheat in 1987/88 were large at 1.81 billion bushels, but were down 5 percent from a year ago. About 70 percent were stored off-farm. June 1 soybean stocks rose 2 percent to a record 865 million bushels.

Wheat Trade Expands

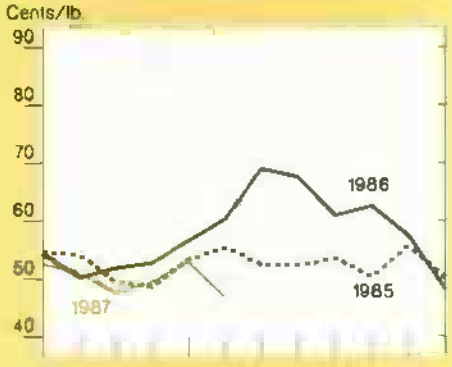
World wheat production and use will be in balance in 1987/88, and stocks will hold steady after rising steadily between 1981/82 and last year. Foreign wheat production is expected to decline 5 percent in 1987/88 (table 26). Most of the drop is likely to occur in the Soviet Union, which had poor weather last fall and winter. Aggregate competitor production is virtually unchanged from last year's record, but

Commodity Market Prices

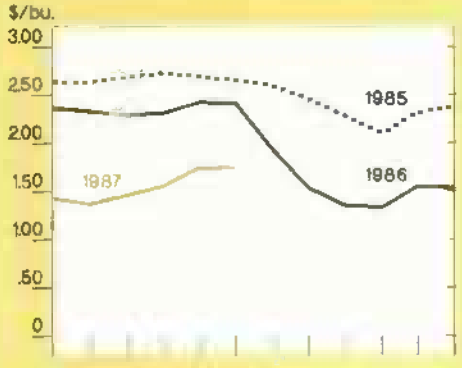
Choice steers, Omaha



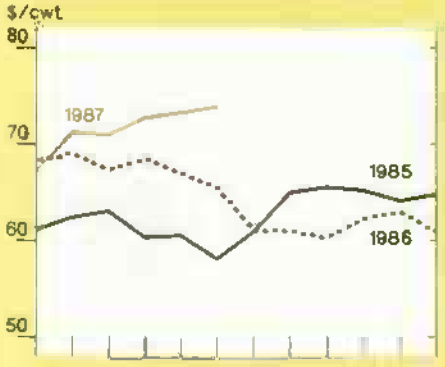
Broilers, 12-city average



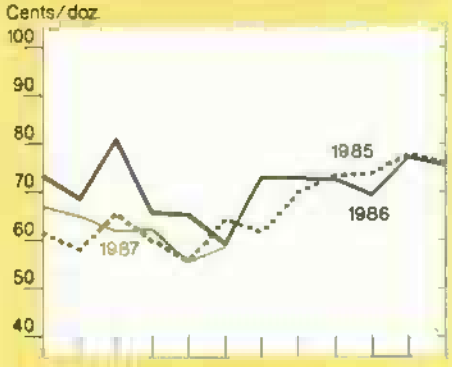
Corn, Chicago[3]



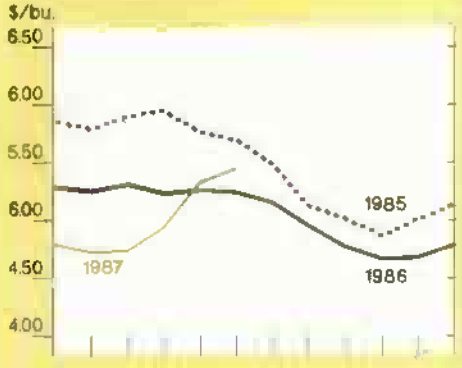
Feeder cattle, Kansas City[1]



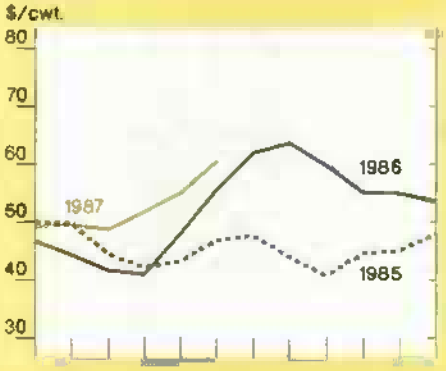
Eggs, New York[2]



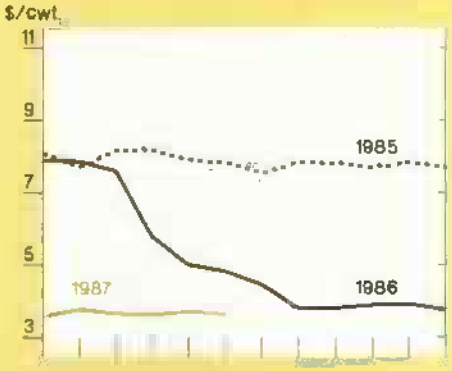
Soybeans, Chicago[4]



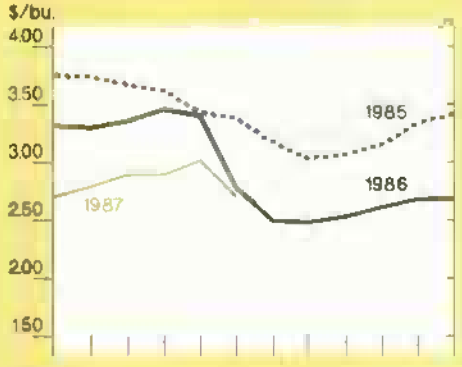
Barrows and gilts, 7 markets



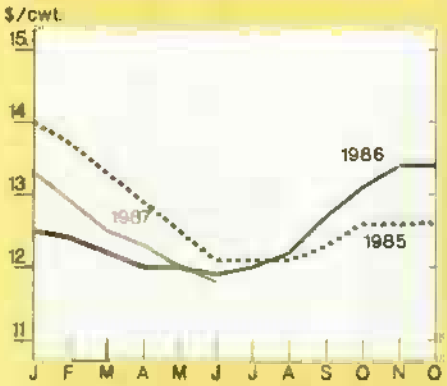
Rice (rough), SW Louisiana



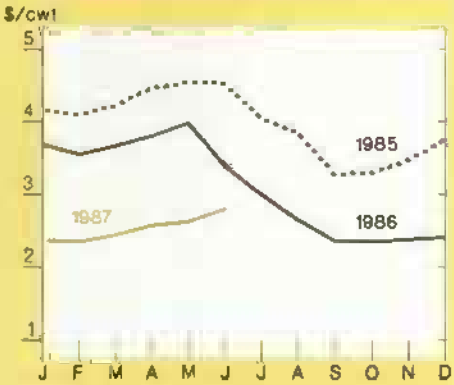
Wheat, Kansas City[5]



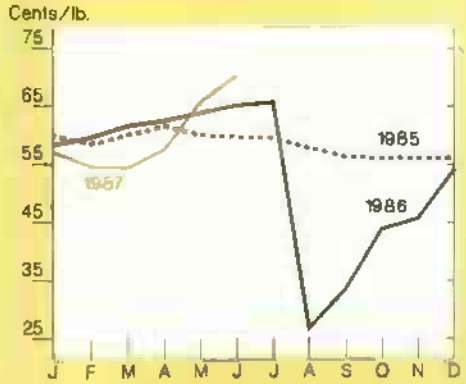
All milk



Sorghum, Kansas City



Cotton, average spot market



[1]600–700 lbs. medium no. 2. [2]Grade A Large [4]No. 1 Yellow. [3]No. 2 Yellow. [5]No. 1 HRW.

there are many changes within the group. Australian and Canadian farmers have reduced area because of low prices, but European production is expected to be second only to the 1984/85 record.

Consumption is expected to rise slightly in most major consuming countries, but in the USSR, Mexico, and Brazil, smaller crops may depress use. These cuts will mean lower total foreign utilization of wheat in 1987/88; lower feed use of wheat accounts for all of the drop.

World wheat (July-June excluding intra-EC) trade is forecast to increase 7 million tons in 1987/88, largely because of bigger Soviet and Chinese imports. The United States is likely to capture much of the gain, and U.S. exports are forecast to increase 21 percent to 33.5 million tons (1,230 million bushels). This will be the largest volume since 1984/85, but while it exceeds average shipments for the 1970's, it is well below the 42-million-ton average for the first half of the 1980's.

Competitor exports are likely to rise only slightly. Australia's smaller crop will reduce its exportable supplies, but the European Community's larger production and ample stocks will allow their exports to gain. U.S. competition with the EC will likely intensify, as indicated by recent EC sales in Latin American markets. Large Canadian stocks will probably lead to larger exports for that country despite a sizable drop in this year's crop.

A record foreign rice crop in 1987/88 will mean stagnant world trade in 1988. Foreign production of milled rice is expected to total 321 million tons, up 2.5 percent from the good 1986/87 crop. China and India are both expected to have near-record crops and, at this early point, there is no indication of major production declines elsewhere. With supplies up, foreign consumption is projected to gain about 2 percent for the year.

World rice trade in calendar 1988 is forecast to total 11.8 million tons, just below the 1987 level. A recovery of yields and area will mean a 9-percent rise in Thailand's crop. Thai exports are expected to rise to 4 million tons from 1987's forecast 3.7 million. U.S. exports in calendar 1988 are forecast to total 2.4 million tons, the same as in 1987, so other foreign exporters will likely see their sales drop off somewhat.

Imports by Bangladesh, Iran, and China will probably drop, while small increases are expected in a number of other markets, particularly Mexico and Nigeria. China, always a rice exporter, has been a surprising importer in 1987, with purchases rising to an estimated 600,000 tons. The reasons behind this jump are unclear, but the larger 1988 crop will probably mean smaller imports in 1988.

Foreign Production and Use Climbing for Coarse Grains

The world's coarse grain crop is expected to be down by 3.5 percent in 1987/88, entirely because of the smaller U.S. crop. Foreign production is forecast to increase about 1 percent to a record level. Foreign corn output is expected to total a record 274 million tons. China will have a record crop, and production is expected to recover from this year's poor weather in Argentina, South Africa, and the USSR.

World corn trade is projected to grow by 3.6 million tons in 1987/88. This 6-percent gain continues the recovery from the 1985/86 low. Korea's imports are expected to jump again as feeding continues to expand and feed wheat imports and use drop. The smaller wheat crop and lower availability of wheat for feed are likely to boost Soviet corn imports somewhat, even though the Soviet corn crop will be bigger than last year.

World barley production will show little change, as slight gains in foreign output offset a smaller U.S. crop. Farmers in both Canada and Australia have apparently increased barley area as they have cut back on wheat area, and higher yields in the EC-12 will mean a larger barley crop despite a slight drop in area.

Foreign Oilseed Supplies to Grow

Boosted by record foreign soybean, peanut, and rapeseed crops, and a strong rebound in cottonseed production, world oilseed output in 1987/88 will increase 2 percent to 200 million tons, despite lower U.S. output. Larger crops of other oilseeds will depress world soybean trade. Increases in competitor production will cut into U.S. soybean exports.

Foreign oilseed output in 1987/88 is rising 5 percent to a record 143 million tons. Larger area accounts for most of the anticipated gain. Foreign soybean production will be up 5 percent to 48 million tons. While planting of Southern Hemisphere crops is still several months away, expectations are for area to expand by 6-7 percent in both Brazil and Argentina.

Brazilian policies during 1986/87 favored production of domestically-consumed crops such as corn. But with record corn and wheat crops in 1986/87, and increased pressures to service debt, the focus is again turning to export crops. Producer disillusionment with the corn support program will encourage a shift back into soybeans. Argentina's producers have been expanding soybean area since 1981 while cutting back on wheat; this trend will continue in 1987/88.

Larger oilseed acreage is expected for other producers, most notably the European Community, where oilseed production has become more attractive because of continued generous support for crushing and reduced grain prices. EC soybean area is currently small, but is likely to increase by more than 50 percent, and production will rise from 0.9 to 1.3 million tons. Most of this gain is in Italy, which produces about 90 percent of the Community's soybeans.

Rapeseed acreage in the EC has been expanding since the early 1980's, and a further substantial gain is likely this year. The EC accounts for over half of the projected 6-percent gain in foreign rapeseed area during the year. French area has increased by more than 90 percent. A sharp increase in EC rapeseed production combined with higher soybean output in 1987/88 will contribute to a drop in EC imports of oilseeds and meal. Because of larger foreign supplies of competing oilseeds and more foreign soybean production, U.S. exports of soybeans and soybean meal may drop in 1987/88.

With Malaysia's palm oil output recovering and record foreign oilseed crushings, world edible oil markets also will be highly competitive. An increase in U.S. soybean oil exports is possible, but shipments will continue to depend heavily on export programs.

Further Drop in Cotton Stocks

Higher world market prices at planting time, a rebound in yields following

poor 1986/87 weather for major producers, and policy shifts among foreign producers will all contribute to a larger world cotton crop in 1987/88. While showing little growth from this year, consumption will still exceed production, and both foreign and U.S. ending stocks will decline again.

World cotton production in 1987/88 is expected to rebound to 78 million bales following the 13-percent drop in 1986/87. Foreign area is projected to expand 1.1 million hectares, and yields could gain 6 percent. The 66-million-bale foreign crop projected for 1987/88 will be the second largest on record, but far below the 1984/85 record of 75 million bales. China, alarmed by a precipitous fall in acreage and production, has increased prices and planned for a larger area this year. Larger plantings are also expected in Australia, India, and some African countries.

In 1987/88, little expansion in foreign cotton consumption is forecast because of a cutback in China; elsewhere, consumption may rise 3 percent. Following a large gain in 1986/87, U.S. mill use may decline marginally to 7.2 million bales. The U.S. export forecast for 1987/88, however, has been raised to 6.5 million bales, only 2 percent below a year ago (table 19). World cotton trade is expanding about 20 percent in 1986/87 to a record 24 million bales, exceeding the 1979/80 peak. U.S. exports have rebounded sharply. Shipments from Latin America, the USSR, and China are down substantially. Western Europe and East Asia are increasing their imports. In 1987/88, world exports are expected to be down slightly. *[Michael Hanthorn (202) 786-1840 and Frederic Surls (202) 786-1691]*

For further information, contact: Sara Schwartz, world food grains; Allen Schienbein, domestic wheat; Janet Livezey, rice; Peter Riley, world feed grains; David Hull, domestic feed grains; Tom Bickerton, world oilseeds; Roger Hoskin, domestic oilseeds; Carolyn Whitton, world cotton; Bob Skinner, domestic cotton; Jim Schaub, peanuts. World information, (202) 786-1691; domestic, (202) 786-1840.

HIGH VALUE CROPS OVERVIEW

Summer Fruits Abundant

Production of apricots, sweet cherries, tart cherries, nectarines, peaches, Bartlett pears, California plums, and table grapes will exceed last season's by 14 percent and will be 13 percent greater than in 1985. Strong demand and low canned fruit carryover stocks will likely prevent prices from collapsing under larger supplies.

Peach production is forecast at 2.58 billion pounds, 11 percent more than in 1986 and 20 percent above 1985. South Carolina will register the largest gain, up 44 percent from last year.

California will harvest nearly 520 million pounds of freestone peaches, up 5 percent from 1986, and 1.05 billion pounds of clingstone peaches, 12 percent more than last year.

Although early season f.o.b. prices for fresh peaches were well ahead of last year's because of smaller shipments, prices have declined. The season average price likely will fall below last year's.

Canning peach prices likely will be strong in 1987, but the total 1987/88 canned peach supply probably will fall short of last season's. Carryover stocks on June 1 stood at 3.33 million cases, 41 percent lower than last year. In addition, the United States made net trade gains in canned peaches. Season-to-date exports through April were 26 percent ahead of 1986, while imports were trailing year-earlier levels by 42 percent. A less expensive dollar, promotion under the Targeted Export Assistance Program, and reduction of the EC's peach processing subsidy all contributed to reducing the United States' canned peach trade deficit, from 15,812 metric tons during the first 11 months of 1985/86 to 1,620 tons for the same period this season.

The 1987 California nectarine crop, boosted by many young trees entering commercial bearing age, is forecast at 190,000 tons, 10 percent more than last year. Shippers reported f.o.b. prices in late June around $5.67 for a 2-layer lug tray pack, sizes 60-64, compared with $6.00 a year ago. Prices likely will decline further in light of larger supplies of competing fruits.

California's plum crop will exceed 1985 and 1986 harvests. Forecast at 210,000 tons, it will be up 38 percent from last year, and 26 percent above 1985. The larger crop portends prices below last year's.

California table grape production will total 570,000 tons, down 8 percent from 1986 and 2 percent below 1985. Despite smaller supplies, fresh grape prices are falling short of last year's. In late June, f.o.b. prices for California flame seedless were quoted at $7.33 a 22-pound lug, compared with $14.00 a year earlier. Larger supplies of other fresh summer fruits likely will hold down fresh grape prices this year.

1987 Potato Acreage Up

Fall potato area is estimated at 1.1 million acres this year, up 4 percent from 1986, but 7 percent lower than 1985. Strong export demand for frozen potato products and strong domestic demand for fresh potatoes will help soften the fall in prices as production increases.

Processing Vegetable Acreage Up 4 Percent

Vegetable processors report 4 percent more acreage planted than last year. Contract acreage for 1987 totals 1.22 million acres for the four major vegetable crops (snap beans, sweet corn, green peas, and tomatoes). Tomato acreage for canning remained virtually the same as last year at 257,000 acres, but higher yields are expected to raise production by 2 percent. Canning acreage of the other three crops totals 594,000 acres, up 7 percent from 1986. Freezing contractors expect 370,000 acres of beans, corn, and peas, a 4-percent increase over last year.

U.S. sugar production is forecast at about 6.8 million short tons, raw value, in 1987/88. Harvested acreage for beets is forecast to increase by nearly 5 percent, and cane acreage is expected to be up almost 3 percent. The 1986/87 crop, at 6.7 million tons, was the highest since 1975/76 and up 11 percent from a year earlier. Beet sugar production for 1987/88 is forecast at about 3.5 million tons, while cane sugar production is forecast at near 3.3 million.

U.S. Sugar Deliveries to Rise in 1986/87

Sugar deliveries in fiscal 1986/87 are expected to exceed the previous year's, the first yearly increase since 1977/78. Revised forecasts point to deliveries of 7.85 million tons, raw value, up from 7.82 million last year. U.S. mainland deliveries during the first 6 months of 1986/87 exceeded year-earlier deliveries by 2 percent. Confectionery products and bakery and cereal products led the overall growth with 4.8- and 2.6-percent rises, respectively.

Domestic raw sugar prices (Contract No. 14, c.i.f./duty-paid, New York) averaged 21.77 cents a pound during January-May 1987, up 4.3 percent from last year. June-September prices are likely to average slightly above the market stabilization price of 21.78 cents.

Domestic sugar stocks at the end of 1986/87 are estimated at 1.435 million tons, equal to 16.6 percent of total use. Ending stocks averaged 18.1 percent of total use during the previous 5 years.

Tobacco Supply Decline To Continue

A big drop in beginning tobacco stocks will more than offset expected growth in 1987 production, resulting in lower total supplies for the third year in a row. Tobacco use in 1986/87 exceeded marketings, reducing expected carryover of stocks to the new marketing year (beginning July 1 for flue-cured and October 1 for burley and other kinds) by an expected 11 percent from last year's 3.7 billion pounds. If producers realize their planting intentions for 1987 and yields are normal, marketings will exceed 1986's 1.2 billion pounds by about 7 percent.

The July crop report points to a 6-percent-larger flue-cured acreage than a year ago. Based on early July conditions, a 720-million-pound crop is expected. However, marketings may total about 700 million pounds due to quota limitations. Total flue-cured supplies would drop about 200 million pounds, 8 percent below last year.

Burley growers indicated they would plant 7 percent more acreage in 1987. With average yields, burley production would be 16 to 18 percent above 1986/87's marketings. Increased production combined with unsold 1986-crop tobacco could push 1987/88 marketings near 500 million pounds, 18 to 20 percent above a year earlier.

Auction prices may edge higher in 1987 if crop quality is good. Despite reductions in cigarette sales, domestic use may rise because some domestic leaf is being substituted for imported leaf. Lower U.S. prices and the less expensive dollar may expand exports a little in 1987/88. However, competition from countries such as Zimbabwe and Brazil, and reduced consumption in some major U.S. foreign markets, will restrain export growth. *[Glenn Zepp (202) 786-1767]*

For further information, contact: Ben Huang, fruit; Glenn Zepp, vegetables; Dave Harvey, sweeteners; Verner Grise, tobacco; (202) 786-1767.

Upcoming Economic Reports

Summary Released	Title
August	
5	Livestock & Poultry
11	World Ag. Supply & Demand
12	Farm Income
13	Agricultural Resources
14	Cotton & Wool Yearbook
18	Econ. Indicators of the Farm Sector
19	Agricultural Outlook
20	Exports
	Foreign Ag. Trade of the U.S.
21	Feed
26	Dairy Yearbook
27	South Asia
31	Vegetable
September	
4	Fruit
10	World Ag. Supply & Demand
11	Sugar & Sweetener
16	Tobacco
17	Wheat
18	Agricultural Outlook
21	Agricultural Resources
23	World Agriculture
25	Rice

Commodity Spotlights

Hog Expansion Confirmed

The June Hogs and Pigs report confirmed that hog producers are expanding their breeding herds and planning to increase the number of sows farrowing 8 percent in second-half 1987 (table 16). During December 1986-February 1987, the number of sows farrowing rose 4 percent, the first significant quarterly year-over-year rise since June-August 1983. The expansion is in response to the relatively high returns over cash and replacement costs that producers have received since mid-1986.

The higher returns are due to higher hog prices and lower feed costs. The higher hog prices are the result of smaller supplies following 3-1/2 years of liquidation. The low feed costs are due to higher U.S. and world grain production and to the Food Security Act of 1985, which lowered grain prices and encouraged use.

The inventory of all hogs and pigs on June 1, 1987 was 52.3 million head, up 7 percent from a year ago. The breeding herd, at 7.03 million head, was 10 percent above a year ago. The market hog inventory totaled 45.3 million head, up 7 percent from a year ago. The December-May pig crop totaled 43.2 million, up 7 percent from a year ago and 2 percent above 2 years ago. The number of sows farrowing in December-May was 5.54 million head,

6 percent more than a year earlier. Pigs saved per litter was a record high 7.8, and compares with 7.7 last year and 7.64 two years ago. Producers intend to have 8 percent more sows farrow than a year ago in June-November.

The 7-percent increase in the December-May U.S. pig crop will provide enough slaughter hogs to increase pork production around 7 percent in second-half 1987. If pork production rises as expected in the third quarter, this would be the first quarterly year-over-year increase since third-quarter 1985. For the year, pork production is projected to total 14,240 million pounds, up 2 percent from last year and the first significant increase since 1983. If producers' farrowing plans are carried out, the first-half 1988 hog slaughter increase should be in double digits.

The 7-percent increase in total sows farrowing during March-May from a year ago was modest compared to the last expansionary phase of the hog cycle, when sows farrowing during March-May 1983 rose 15 percent. In 1983, a major drought and an acreage reduction program drove up feed prices; hog prices declined sharply as producers liquidated their herds to avoid heavy losses. Generally, poor returns continued until mid-1986.

During this time, corn/soybean/hog producers were hit from both sides, since crop prices were also low. North Central producers were hit particularly hard, since most raise both hogs and crops; North Central producers raise about four-fifths of the nation's hogs. The slower-than-usual recovery in hog production is linked somewhat with this financial stress—farmers are cautious about investing in a large expansion. So, when hogs turned profitable again, producers used some of their returns to relieve financial stress and do facilities maintenance which had been postponed.

During the 1983-86 production cutback and liquidation, producers greatly increased the number of pigs produced per breeding animal. The increase came about because of more pigs per litter and a higher percentage of the breeding herd farrowing. During 1985-87, December-May pigs saved per litter averaged 7.72, compared with 7.18 during the same period a decade ago. The percentage of the December breeding inventory farrowing was 80, compared with 73 for the same 10-year period. So, over the decade pigs produced per breeding animal rose 18 percent.

The increased productivity is probably the result of better and more intense management as hog farms become larger. Sows are culled and marketed more vigorously. Labor is induced to get several litters within a 24-hour period, so that the pigs can be equally distributed among the sows. Genetics are also responsible for more pigs saved per litter. The recent large addition of gilts may temporarily slow the increase in pigs per litter, but the overall trend is expected to continue.

Hog prices at the 7 major markets averaged $61 per cwt in June, one of the highest monthly prices on record. The high second-quarter hog prices were the result of a 7-percent decline in pork production, low frozen pork stocks, and an 8-percent decline in beef production. As pork production picks up during the third quarter, prices are expected to decline, but still average in the mid $50's per cwt. In the fall, hog prices may decline to the mid $40's as increased pork production competes with about a 10-percent rise in poultry production. In addition, high frozen turkey stocks are adding to poultry supplies.

The retail composite pork price in 1987 is expected to average slightly over 1986's $1.79 a pound. This price likely will be around $1.80 a pound for most of the year, dropping into the mid-$1.70's in the fourth quarter. *[Leland Southard (202) 786-1830]*

Certificate Options At Harvest For Wheat Farmers

Farmers who enrolled in the 1987 wheat program received generic certificates as part of their advance deficiency payments. Whether farmers will choose to use these certificates (or others issued or purchased at another time) to make Quick-PIK exchanges for wheat at harvest time depends on farm prices, posted county prices (PCP's), loan rates, storage cost, and certificate premiums.

If farm prices and PCP's for wheat are below the loan rate in percentage terms by more than the certificate premium, farmers would gain by using certificates to reacquire part or all of their 1987 wheat under loan. If farm prices and PCP's for wheat exceed the loan rate or are below it in percentage terms by less than the certificate premium, then farmers would be better off selling certificates at the premium or exchanging them for another commodity. For 1987/88 wheat, the decision to sell or to place the crop under loan will depend on the relation between farm prices and the loan rate.

To determine how best to use certificates, we will examine four scenarios where a farmer either sells 1987-88 wheat or places it under loan at harvest. A certificate is assumed to have been issued to the farmer as part of 1987 advance deficiency payments. In all scenarios, the national average loan rate is $2.28 a bushel, and it is assumed that the farm price and PCP at harvest are both $2.17, that the certificate premium is 5 percent, and that the per-bushel storage cost for 9 months is 26 cents. This makes the storage cost as a share of the PCP to be 12 percent ($0.26/$2.17) * 100).

In scenario 1, the farmer sells wheat at a farm price of $2.17 a bushel and sells the issued certificate with a face value of $5,329 for $5,595, because of the 5-percent premium. The farmer's net revenue for the 14,500-bushel wheat crop and the issued certificate is $37,060, or $2.56 a bushel. At $2.17 a bushel, there is a 5-percent difference between the PCP and the loan rate, which is equal to the certificate premium. Therefore, when the price is above $2.17, the farmer is better off selling the crop and the certificate rather than placing the crop under loan.

Reacquiring Loan Collateral Most Profitable

In scenario 2, the farmer places 14,500 bushels under loan and immediately reacquires 2,456 bushels with the issued certificate valued at $5,329. The reacquired wheat is then sold for $5,329, since the farm price and PCP are identical. If the farmer were to leave the remaining wheat under loan for the full 9 months, the storage cost would be $3,131.

Since the 5-percent premium is less than the per-bushel storage cost as a percent of the PCP (12 percent) but not greater than the difference between the PCP and the loan rate (5 percent), the farmer is better off purchasing additional certificates to reacquire the remaining wheat under loan

Certificate Options For a Wheat Farmer

	Item	Scenario 1 Sells wheat and certificate	Scenario 2 Uses certificates to reacquire part or all of loan collateral	Scenario 3 Sells certificate and forfeits loan collateral	Scenario 4 Returns certificate to CCC and forfeits loan collateral
A	Base acres	500	500	500	500
B	Acreage reduction requirement (pct)	27.5	27.5	27.5	27.5
C	Planted acres	362.5	362.5	362.5	362.5
D	Loan rate	$2.28	$2.28	$2.28	$2.28
E	Posted county price	$2.17	$2.17	$2.17	$2.17
F	Farm price	$2.17	$2.17	$2.17	$2.17
G	Certificate premium (pct)	5	5	5	na
H	Program yield (bu)	35	35	35	35
I	Harvested yield (bu)	40	40	40	40
J	Bushels sold (C * I)	14,500	na	na	na
K	Bushels placed under loan (C * I)	na	14,500	14,500	14,500
L	Loan obligation (D * K)	na	$33,060	$33,060	$33,060
M	Advance deficiency payment in a certificate	$5,329	$5,329	$5,329	$5,329
N	Bushels reacquired with certificate (M / E)	na	2,456	na	na
O	Bushels forfeited to CCC (K - N)	na	12,044	14,500	14,500
P	Per-bushel storage cost (9 months)	$0.20	$0.26	$0.26	$0.26
Q	Total storage cost (O * P)	na	$3,132	$3,770	$3,770
R	Sales and certificate revenue				
	Sells wheat (F * J)	$31,465	na	na	na
	Sells reacquired wheat (F * N)	na	$5,329	na	na
	Sells certificate (M * (1 + (G / 100)))	$5,595	na	$5,595	na
	Returns certificate to CCC (M)	na	na	na	$5,329
S	Total net revenue (L - Q + R)	$37,060	$35,257	$34,885	$34,619
(S / J or K)	Per-bushel revenue	$2.56	$2.43	$2.41	$2.39
T	Cost of purchasing additional certificates at a 5-percent premium (E * O * (1 + (G / 100)))	na	$27,443	na	na
U	Additional sales revenue (F * O)	na	$26,136	na	na
V	Revenue reduction (U - T)	na	($1,307)	na	na
W	Storage cost saving (O * P)	na	$3,131	na	na
X	Net revenue increase (V + W)	na	$1,825	na	na
Y	Total net revenue (S + X)	na	$37,082	na	na
Per-bushel revenue	(Y / J or K)	na	$2.56	na	na

na = not applicable.

rather than forfeiting it to CCC. In this example, the $3,131 storage cost saving exceeds by $1,825 the $1,307 revenue reduction realized after purchasing additional certificates at a 5-percent premium to reacquire the remaining loan collateral. Consequently, the farmer's net revenue increases from $2.43 a bushel to $2.56 (the same as in scenario 1) when purchasing additional certificates for the remaining 12,044 bushels under loan.

With a 5-percent premium and a farm price and PCP of $2.17, the farmer would be better off placing the crop under loan and then immediately reacquiring the loan collateral with certificates, as long as the certificate premium is less than both the percentage difference between the PCP and loan rate and the per-bushel storage cost as a percent of the PCP.

In scenario 3, the farmer places wheat under loan and later defaults on the loan. The net loan revenue is $29,290 (($2.28 - $0.26) * 14,500). Additionally, the farmer sells the issued certificate at 5 percent above face value for $5,595. Combined with the net loan revenue, the farmer receives $34,885, or $2.41 a bushel.

At a farm price of $2.17 a bushel and with the 5-percent premium, scenario 3 is not as profitable an option. Scenario 3 would be profitable only when the farm price is below $2.02 ($2.28 - $0.26) and the certificate premium exceeds the storage cost as a percent of the PCP (12 percent). When the farm price is between $2.02 and $2.17, and the certificate premium is less than the per-bushel storage cost as a percent of the PCP, then scenario 2 is most profitable.

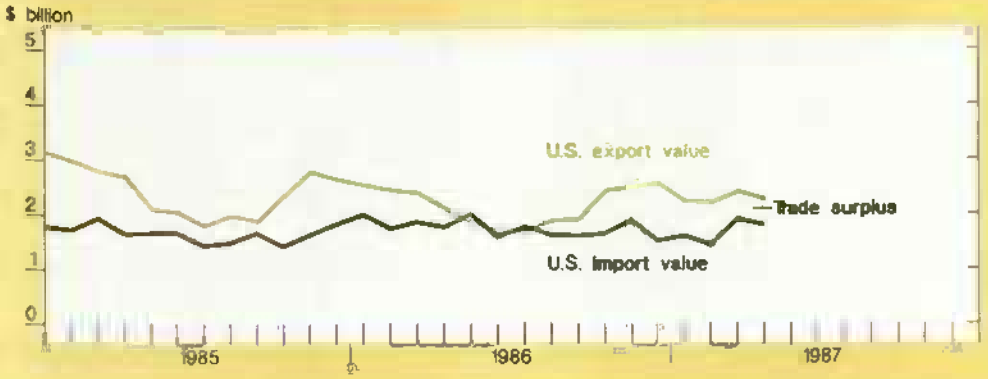
Scenario 4, returning the certificates to the CCC for cash and forfeiting the loan collateral, is always the least profitable option. The farmer would do better either to use the issued certificate or to sell it at a premium.

Farmers Willing To Pay Higher Premiums As Farm Prices Fall

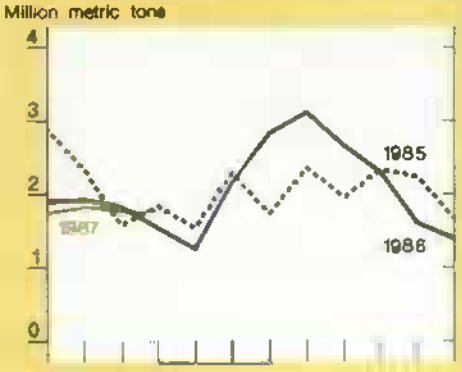
As the farm price for wheat falls, the certificate premium farmers are willing to pay rises. This is true as long as the certificate premium is less than the per-bushel storage cost for 9 months as a percent of the PCP. For instance, with a 1-percent premium, a farmer would be indifferent between selling the wheat crop or placing it under loan and immediately reacquiring it with certificates at $2.26 a bushel. With a 10-percent premium, this sales/placement indifference price would be $2.07.

U.S. Agricultural Trade Indicators

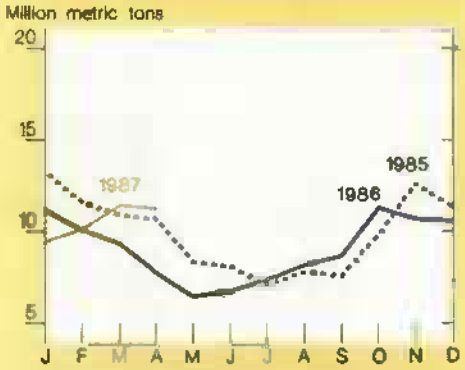
U.S. agricultural trade balance



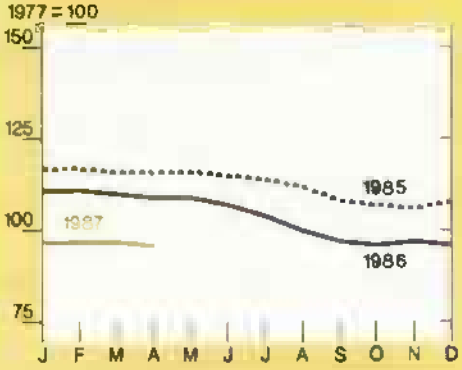
U.S. wheat exports



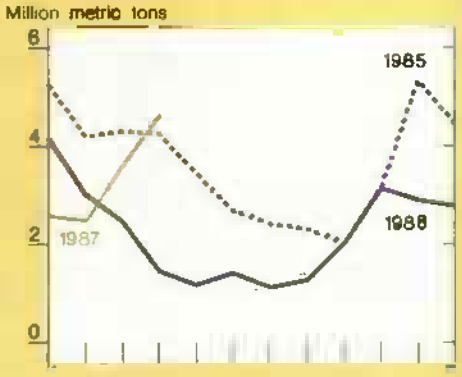
Export volume



Index of export prices

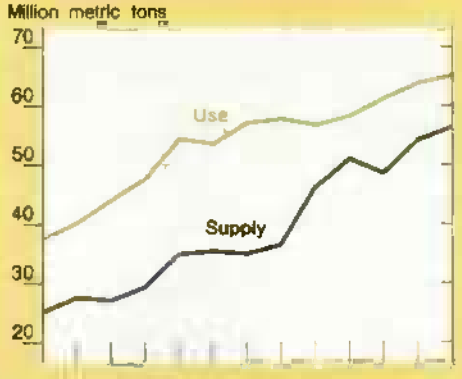


U.S. corn exports

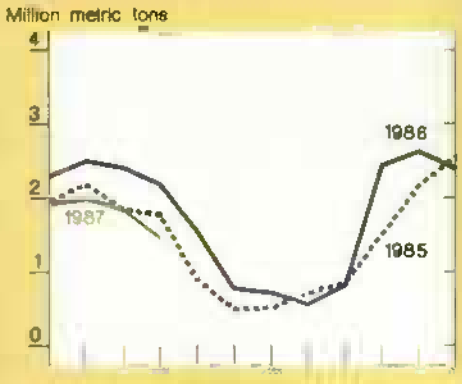


Foreign supply & use of coarse grains

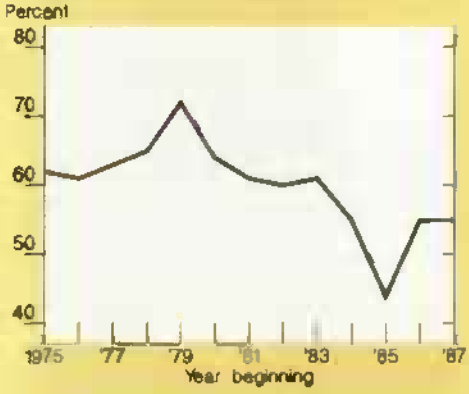
Foreign supply & use of soybeans



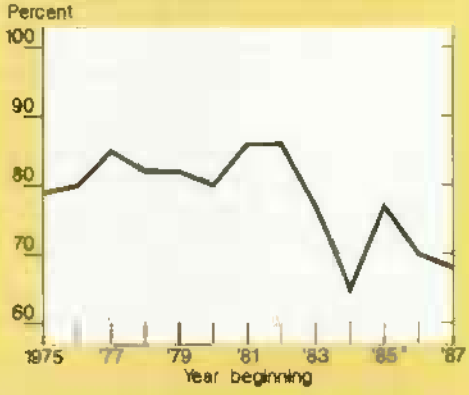
U.S. soybean exports



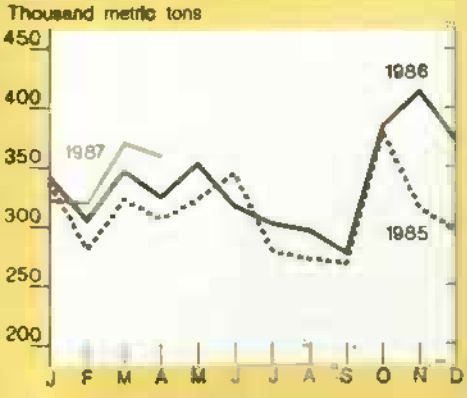
U.S. share of world coarse grains exports[1/2]



U.S. share of world soybean exports



U.S. fruit & vegetable exports[3]



1/ Excluding intra-EC trade 2/ October-September years 3/ Includes fruit juices.
Note: Wheat, corn, soybean, and cotton exchange rates and export unit values are now included in the U.S. Agricultural Trade tables at the back of this issue.

Farm prices at harvest at which farmers would be equally inclined to sell or to place wheat under loan *

Certificate premium	Sales/placement indifference price
Percent	$/bu.
1	2.26
2	2.24
3	2.21
4	2.19
5	2.17
6	2.15
7	2.13
8	2.11
9	2.09
10	2.07

* Farm and posted county prices are assumed to be equal.

Prices at which farmers would either sell or place wheat under loan will differ by location; therefore, the sales/placement indifference price will not necessarily be the same as derived from the scenarios presented above. However, the relationship between the sales/placement indifference price and the loan rate for different certificate premiums would hold for all wheat farmers as long as the certificate preminm is less than the storage cost as a percent of the PCP.

Whether to use certificates to acquire loan collateral or sell them at a premium also depends on storage costs and farmers' view of prospective prices. The potential storage cost saving is greatest at the time of placement, and steadily diminishes over the life of the loan if prices do not rise accordingly. Consequently, farmers are more inclined to use certificates at the time of placement to reacquire loan collateral if farm prices and PCP's are below the loan rate. Under scenarios 1 and 2, a farmer could hold wheat reacquired with certificates until later in the crop year on speculation that prices will rise high enough to cover storage costs and the foregone loan revenues. *[Michael Hanthorn (202) 786-1840]*

The U.S. Almond Industry Is Growing

Almonds are the leading U.S. tree nut, with a value during the last 5 years ranging from $232 million in 1983 to $529 million in 1986. The 1986 crop value surpassed that of all other California fruit and tree nut crops except grapes. Lower yields in 1986 reduced production sharply and prices were relatively high. This year, improved yields are increasing production, so prices are expected to fall. Almonds are the fastest growing tree-nut sector.

Acreage, Yield, and Production Rising

Commercial almond acreage is concentrated in a 400-mile belt extending through the Sacramento and San Joaquin Valleys in central California. Bearing acreage has steadily increased every year since 1970, and was about 418,000 acres in 1986.

The expansion can be traced to:

- changes in cultural and harvesting practices that significantly improved the costs/returns margin during the 1960's;
- favorable grower prices and greater consumer acceptance due to indnstry promotion;
- continued increases in foreign demand; and
- tax benefits for nonfarm investors for investment in almond orchards.

Together, these developments pushed total acreage and yield to record highs in 1984. Yields have fluctuated along with the weather during the last 17 years, from 596 pounds per acre in 1978 to 1,550 in 1984. Nevertheless, the average yield has increased 32 percent from 1970-72 to 1984-86. The strong yield gain, combined with the more-than-double increase in bearing acreage, has increased production threefold from 1970-72 to 1984-86.

World Supplies Increasing

Larger world plantings resulting from increased demand and good returns pushed 1984 world almond output to an all-time high of 815 million pounds (shelled basis). The United States is the leading producer. Production in Spain (the second largest producer) has also increased, but with wide year-to-year fluctuations. Most other foreign countries do not show a definite trend.

Comparing the 1970-72 average with 1984-86, production in the major foreign countries increased only 34 percent, while U.S. output nearly tripled. Consequently, the U.S. share of world almond output has risen from approximately 44 percent in the early 1970's to 63 percent in recent years. With the continued increase in bearing acreage in the United States and Spain, world output is expected to expand further in coming years.

Almond Marketing Order Stabilizes the Market

The almond industry implemented a Federal marketing order in August 1950. The order stabilized the market by allocating supplies as a salable percentage to domestic buyers, export ontlets, new users, and diversions. A percentage of each handler's receipts may be held as "reserves" for disposition by the Almond Board of California, the marketing order's administrative agency. The Board recommends to the Secretary of Agriculture the allocation of almonds on the basis of supply and demand conditions. Because of strong and expanding export markets, the crop has been recommended as 100-percent salable during the last several years.

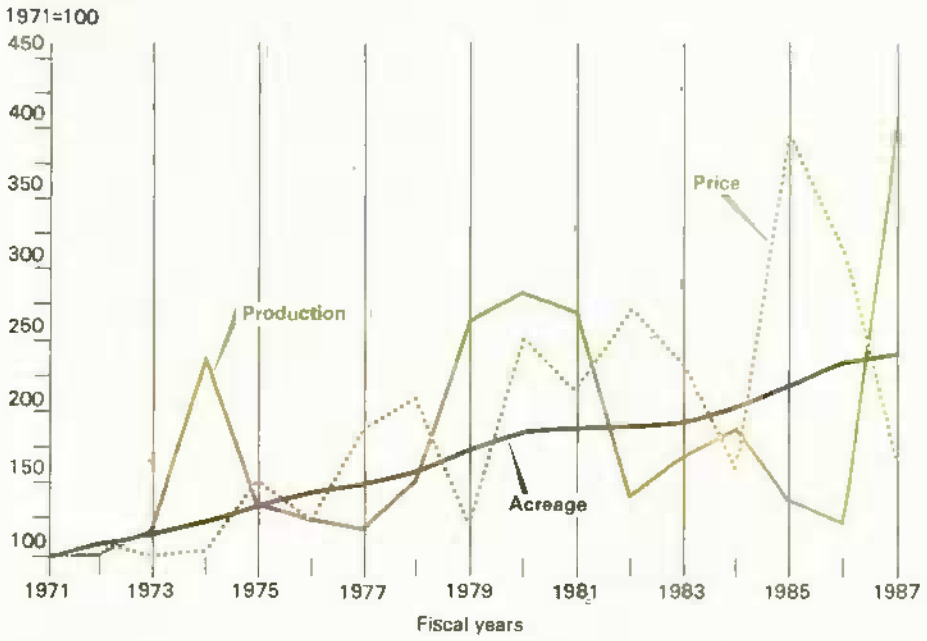
The crop is marketed by a few large firms and several smaller ones. The California Almond Growers Exchange is a cooperative that markets approximately 50 to 60 percent of the crop.

Exports Rise Faster Than Domestic Shipments

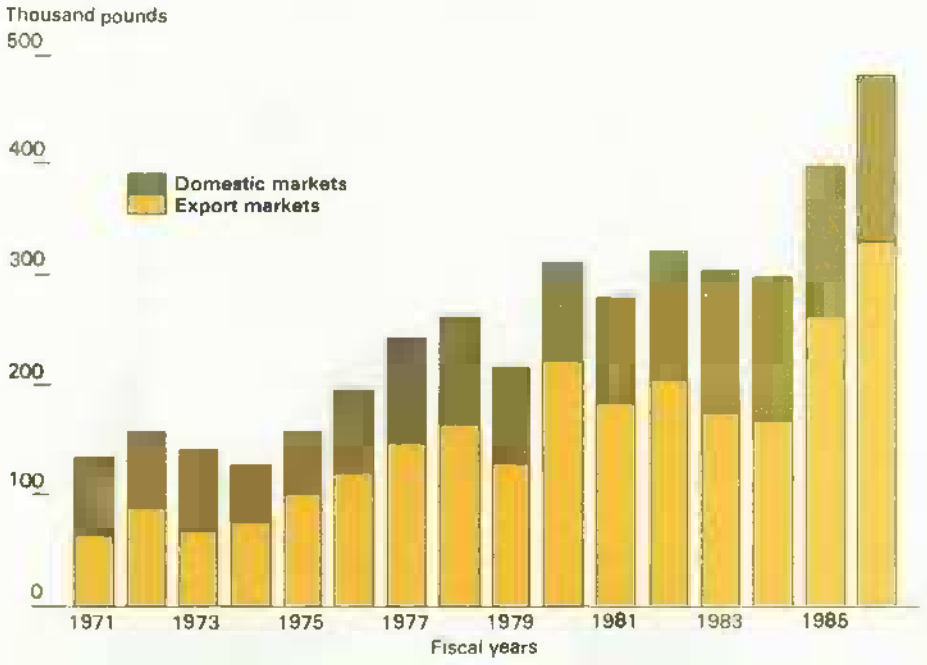
Although sales of almonds to both domestic and foreign markets have increased dramatically, the largest increase has been in exports. At the beginning of 1970, almond exports were 68 million pounds (kernel weight), accounting for 50 percent of total shipments. By the mid-1980's, exports had increased almost fivefold and accounted for almost 70 percent of total sales. Principal outlets are Canada, West Germany, Japan, France, and the United Kingdom. The Soviet Union recently became an important buyer.

In 1985-86, West Germany, the leading customer, took 27 percent of total

Almond Production is a Growth Industry



Almond Exports Rise Faster than Domestic Shipments



exports. The Soviet Union, the second largest customer, accounted for 20 percent. Industry promotion in cooperation with USDA's Foreign Agricultural Service contributed to the strong sales. However, because of lower U.S. yields in 1986, sharply reduced supplies, and higher prices, export shipments have been drastically reduced this season. Only a very small quantity has been shipped to the Soviet Union. The USSR imported larger quantities of filberts from Turkey.

U.S. domestic shipments increased sharply, even though they have grown more slowly than export sales in recent years. As consumer incomes have risen and tastes changed toward natural foods, demand for almonds has surged. Confectioners continue to be the leading users of shelled almonds. The introduction of mixed snack packs of dried fruit, tree nuts, and chocolate chips, almond butter, and the popularity of almonds mixed with breakfast cereal have boosted domestic almond sales.

Annual per capita almond consumption has generally trended upward during the last 17 years. Although per capita almond consumption is still relatively small, it rose from 0.36 pounds during 1970-72 to 0.68 during 1984-86, an increase of 89 percent. Almonds increased their share of total tree-nut consumption from 20 to 31 percent during the same period.

Record High Prices

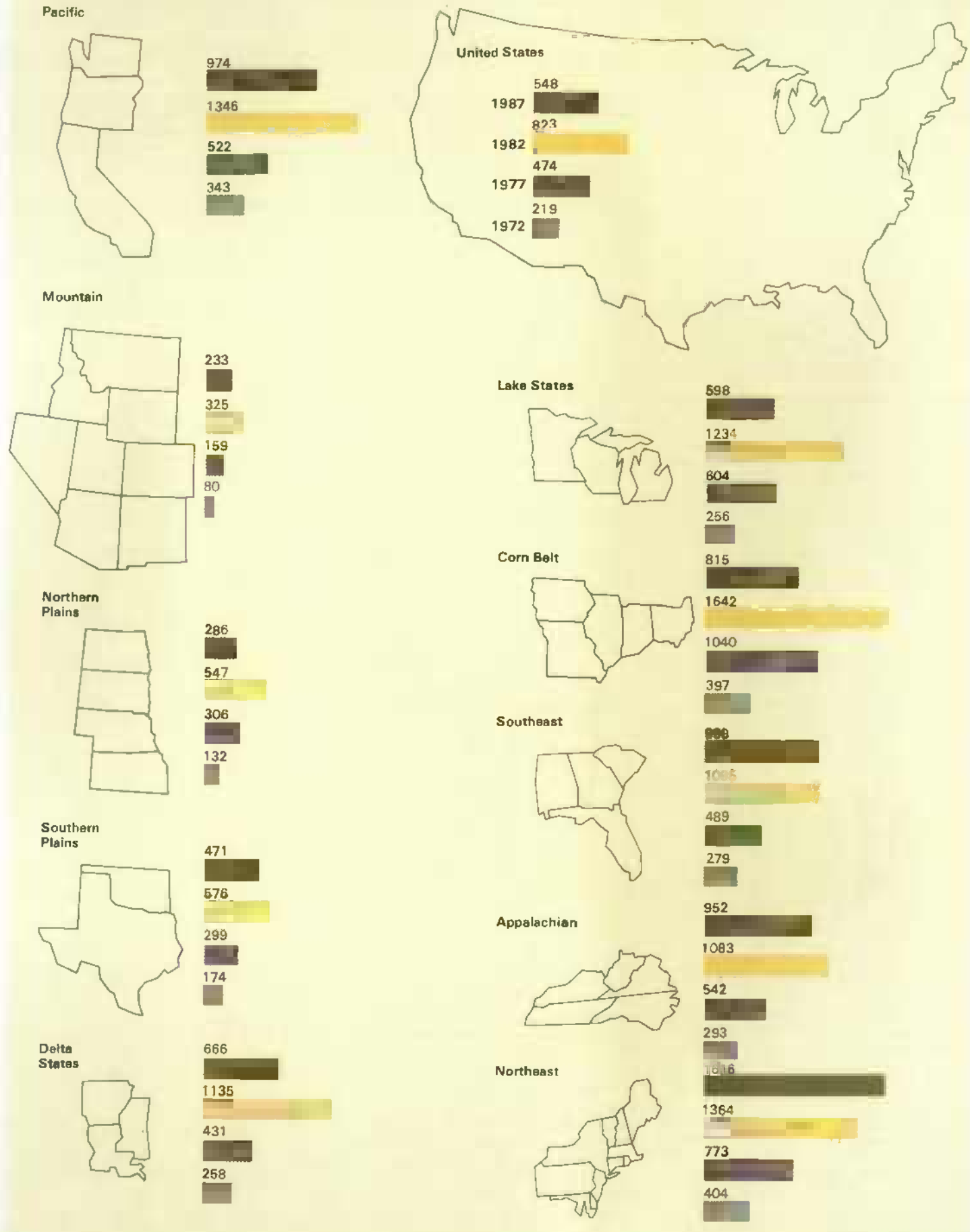
Almond prices received by growers hit a then-record high of $1.30 per pound in 1973, from only $0.54 in 1970. The 1973 rise was mainly attributed to strong foreign demand; with a devalued dollar and severely reduced crops in Spain and Italy, Europeans purchased more U.S. almonds. Grower prices reached another record of $1.45 in 1979, reflecting sharply smaller carryin stocks and strong export demand. Not until 1986, when bad weather and low yields brought the crop to its lowest level in the last 3 years, did grower prices reach a new record of $1.92 a pound. Grower prices doubled from 1970-72 to 1984-86.

Production is Recovering This Year

The final forecast for the 1987 California almond crop is a record 600 million pounds, shelled basis, more than twice last year's small crop. This year's harvest is expected to be 2 percent above the previous record of 590 million pounds in 1984. Almonds are developing well under favorable growing conditions. Trees appear to be rebounding from last year's low production. The 1987 crop forecast is based on 410,000 bearing acres, 1 percent below 1986—the first decline in many years. The condition and quality of the crop are very good. Maturity in several areas is ahead of normal. Nut size seems to be normal for a high-production year.

Even with sharply reduced movement through May from the smaller 1986 crop, carryover stocks into the 1987/88 season are expected to be well below the previous year. However, this year's larger crop should boost the 1987/88 supply much higher than 1986/87. Consequently, grower prices are likely to fall. The less expensive dollar and lower prices will probably improve exports. *[Ben Huang (202) 786-1767]*

Regional Farmland Values, 1972-87



Resources

Farmland Values Are Stabilizing

Farmland values dropped 8 percent from February 1986 to February 1987, continuing the downtrend that began in the early 1980's (table 1). However, there are signs that the market has stabilized during the past few months, especially in the Midwest. The May 1 ERS snrvey of rural appraisers indicates that 57 percent of the respondents believed land values did not change during February-April, while 33 percent said values continued to decline and 10 percent said values increased. These appraisers expect the stability to continue into the May-July quarter. The respondents also indicated an increase in the number of land transactions.

In Iowa, where an annual November survey showed a 17-percent value decline from 1985 to 1986, recent evidence from a Federal Reserve Bank survey and other sources indicates stable-to-rising values and a renewed interest in farmland purchases. Similar patterns have been reported for other Midwestern States.

In the long run, farmland values are determined to a large extent by expected farm earnings. Net cash income has been rising each year since 1981, bnt values have dropped because of high real interest rates and large farm debt incurred in earlier years. Now, debts have been reduced, interest expense is lower, and income continues to increase. Off-farm income is also expected to increase, which can help ease farmers' cash flow problems and contribute to savings for purchase of farmland.

Lower interest rates on savings accounts and certificates of deposit have made land a relatively better investment, and farm mortgage rates have decreased, making it easier to buy land. During the past 2 months, interest rates increased slightly. Further rises could dampen the farmland market.

The St. Paul Federal Land Bank, in a sales campaign earlier this year, featured interest rates as low as 4.9 percent. The bank is reported to have sold 338,000 acres in its territory (Minnesota, Michigan, North Dakota, and Wisconsin) during the first quarter of 1987. Evidently, the sales did not depress land values; the average price was reported to be 5 percent above appraised value. The intent of concessionary rates was to maintain land prices received by the Farm Credit System.

The large supply of land held by lenders is a continuing source of concern. Despite lenders' efforts to dispose of land acquired through foreclosure or through voluntary action by delinquent borrowers, at least 8 million acres remain in the hands of lenders. Some lenders are under considerable pressure to sell acquired land this year, yet it appears that much of the lender-owned land may be held off the market and disposed of gradually.

Farmland values are stabilizing this year, and longer-run forecasts look for increases beginning in the late 1980's if real farm income increases as expected. *[Bill Heneberry (202) 786-1430]*

Will More Young People Enter Farming?

Improved prospects for farm earnings this year could attract more younger operators into farming, as an alternative to non-farm jobs. This follows from the relation of past changes in economic conditions to the net entry of younger farmers and the total number of farms. The number of farms in the United States with gross sales of $20,000 or more in 1982 dollars grew from 865,000 in 1974 to 942,000 in 1978, a period when farm income prospects were favorable. But by 1982, when revenues had fallen and expenses risen, these farms declined to 884,000.

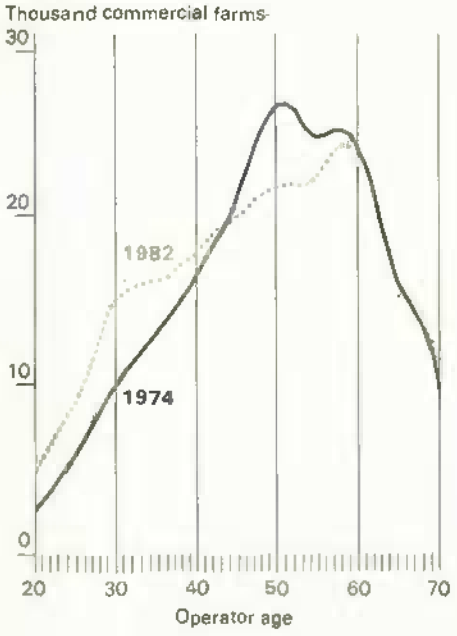
There was a relatively large net influx of younger operators (under 35) between 1974 and 1978; net entries of young operators then declined about 40 percent in 1978-82. These changes, combined with a stable rate of net departures (mainly retirement) from older age groups, were in large part responsible for the 1974-78 growth and the decline in farm numbers since 1978. Compared with 1974, 1982 saw more farmers aged under 45, fewer aged 45 to 64, and more aged 65 and over.

Age plays a role in farmers' finances. Older operators who have been farming for many years typically have lower debt loads and are less vulnerable to temporary price and cost fluctuations. They leave farming at a predictable rate as they reach retirement age.

Younger operators, on the other hand, generally have wider nonfarm opportunities, and at the same time tend to have more highly-leveraged farming operations—a combination that makes them more sensitive to changing economic conditions. As a group, they show more volatile entry and exit tendencies.

While, historically, the vast majority of farmers' children have entered other occupations, they still constitute upwards of 90 percent of entrants to farming. Future entrants likely will come almost entirely from among the

Younger Farm Operators Increased During the 1970's



shrinking population of farmers' children. Farm and nonfarm economic conditions, both current and prospective, play a critical role in determining whether these children will enter farming.

In the mid-1970's, increasingly large numbers of young farm people were in their mid- to late-twenties, the age at which people most commonly enter farming. Economic conditions in agriculture appeared promising, so many young people entered.

After 1978, while there were still large numbers of young people reaching entry age, economic conditions had changed enough that more potential entrants opted not to farm. Entry costs, reflected by asset values and interest rates, had increased, and income prospects had become more uncertain. Nonfarm opportunities were comparatively better. Meanwhile, older operators continued to age and retire, resulting in the 1978-82 decrease in farm numbers.

Financial Stress Retards Rate of Entry

In the near term, farmers' financial problems may discourage some potential entrants. Younger farmers typically have larger debts, and recently a larger share of all debts. The most recently available data (from the 1985 Farm Costs and Returns Survey) indicate that operators aged under 45 hold about 32 percent of farm assets but 46 percent of farm debt. And fewer than one in three of these operators had both a debt/asset ratio of .4 or less and a positive cashflow in 1985—indicators of strong financial health. In contrast, nearly half of all operators aged 55 or older were in that desirable position.

While financial indicators are imperfect predictors of failure, they suggest that financial stress and associated departures from farming have been more concentrated among the younger operators who began farming in the mid- to late 1970's. If this is true, then together with the lower entry rate since 1978, it would further reduce the number of young operators and accelerate the decline in farms since the 1982 census.

The estimated nnmber of farms with sales exceeding $20,000 in 1986 was about 7 percent lower than in 1982. This is a 10-percent larger drop than would have been expected from the 1982 operator age distribution and the 1978-82 entry and exit rates. Assuming that the retirement rate of older operators remained unchanged, the steeper drop in farm numbers would have resulted from changes in entries and exits of established younger operators.

Future Prospects Mixed

With the peak of the farm baby boom approaching age 30, the numbers of farm-born youth at the prime entry ages will begin to decline. Unless more farmers' children choose farming as a career, or more people from nonfarm backgrounds enter farming, the number of new entrants will fall below the level of 1978-82. Consequently, the number of farms will decline further.

Macroeconomic conditions that affect nonfarm opportunities, agricultural exports, and capital costs, along with technological advances and agricultural policies here and abroad, will affect both the attractiveness of farming as an occupational choice and the ability of those who wish to enter farming to do so. Some of these factors are more favorable now than they were earlier in the decade. Export sales are growing, land values are lower and stabilizing, the credit crunch is easing, and profits are improving. On the other hand, longer-term uncertainties over future domestic policies, credit, and international markets persist.

Entry of new young farmers has implications not only for the future number of farms but also for the characteristics of those farms. If fewer young people enter farming, and the United States maintains its current agricultural production and returns, then the new entrants eventually will tend to operate larger farms and earn higher incomes than earlier entrants did. Associated higher costs of entry may portend more absentee ownership of farmland. Increasing farm size and capital requirements will continue to encourage farmland leasing over ownership, for example, and an increasing ratio of farm landlords to tenants will make the multiple-landlord farm operation more common.

Changes in the number of new young operators are important to farm input and credit suppliers as well. Fewer entrants could reduce the market for farm machinery and agricultural buildings, for example. For financial institutions, this would mean changes in the size and terms of loan portfolios and increasing competition for borrowers. *[Matthew Smith (202) 786-1523]*

Food and Marketing

1987 CPI OUTLOOK

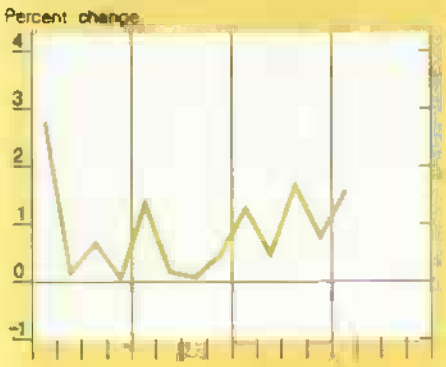
The Consumer Price Index for food is rising faster in 1987 than in 1986 (table 6). The 1987 forecast is for a 3- to 5-percent increase, compared with 3.2 percent in 1986. Much of that increase occurred in the first half of this year. The price indexes for red meats, poultry, and fresh fruits for the first 5 months of 1987 were well above the same period in 1986. In contrast, prices for eggs and nonalcoholic beverages averaged slightly less. While a number of food prices are expected to decline in the second half of 1987, strong first-half prices will result in the largest annual increase in the general price level since 1982.

The CPI for red meats declined steadily through the first half of 1986 and then rose sharply in the second half. Retail prices for red meats remained higher through the first half of 1987. Comparing averages for the first 5 months of 1987 to the same period in 1986, the CPI for beef and veal was 5.5 percent higher, pork was 13.8 percent higher, and other red meats were 7.2 percent higher.

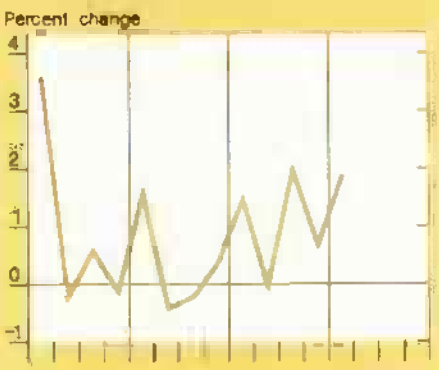
Sharply lower supplies of pork were the primary cause of higher red meat prices. In 1983, producers of cattle and hogs began reducing their breeding herds because of financial stress. During that liquidation, red meat supplies increased and prices declined. As the liquidation ended, marketings

Food and Marketing Indicators

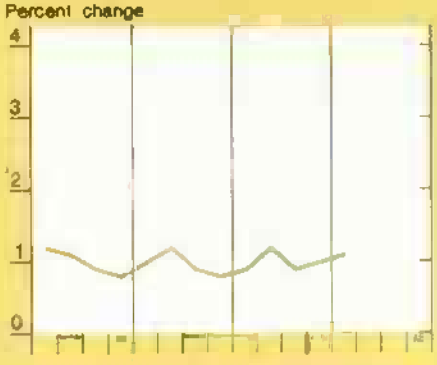
CPI: Total food*



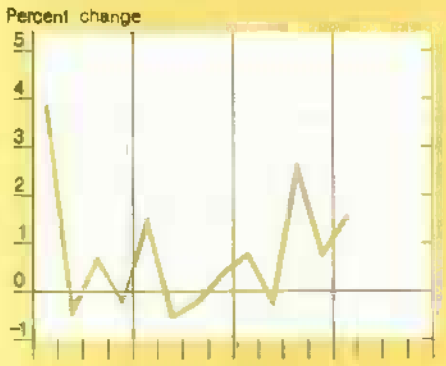
CPI: Food at home*



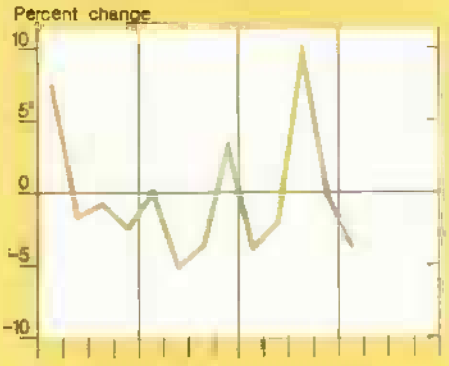
CPI: Food away from home*



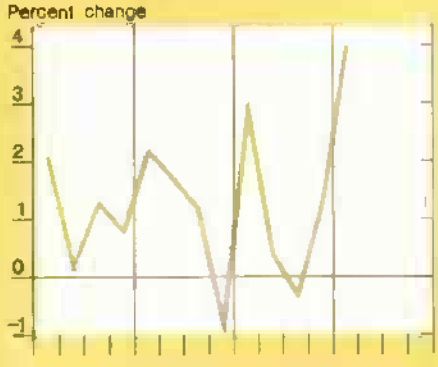
Retail cost of food[1]



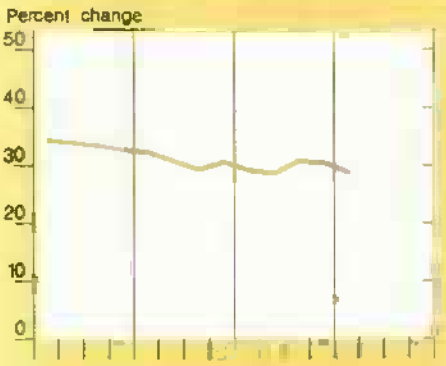
Farm value of food[1]



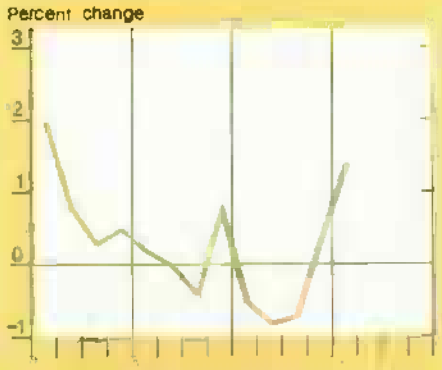
Farm-retail spread[1]



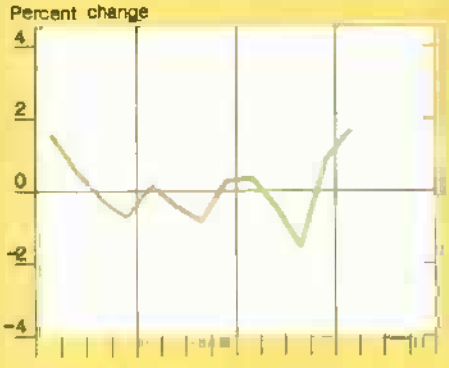
Farm value/retail cost[1]



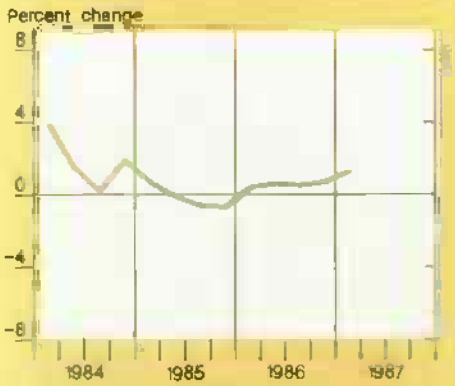
Food marketing cost index[2]



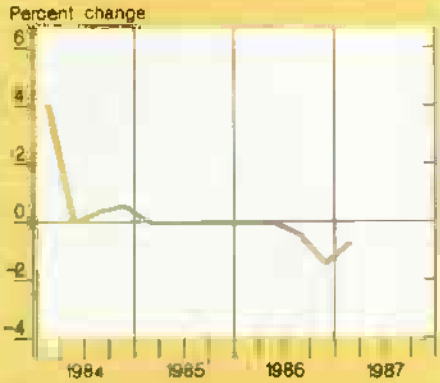
Index of hourly earnings[3,4]



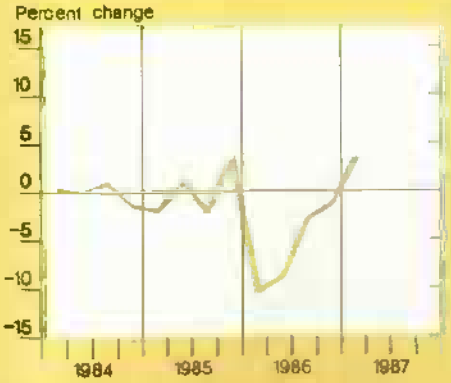
Index of packaging prices[4]



Index of rail freight rates[4]



Index of energy rates[4]



*CPI unadjusted. [1]Index based on market basket of farm foods. [2]Index of changes in labor, packaging, transportation, energy and other marketing costs in food retailing, wholesaling, and processing. [3]Component of food marketing cost index.
All series expressed as percentage change from preceding quarter, except for "Farm value/retail cost" chart.

Percent Changes in Consumer Price Index, 1985-87

Consumer price indexes	Relative importance Dec. 1986	Rise from a year earlier 1985	1986	1987 forecast
		Percent		
All food	100.0	2.3	3.2	3 to 5
Food away from home	38.6	4.0	3.9	3 to 5
Food at home	61.4	1.4	2.8	3 to 5
Beef and veal	6.2	-2.1	0.6	5 to 7
Pork	4.0	.2	8.2	3 to 5
Poultry	3.0	-1.0	7.5	-2 to 0
Fish and seafood	2.3	4.9	9.2	7 to 9
Eggs	1.1	-16.6	6.9	-2 to 0
Dairy products	7.8	1.9	0.0	2 to 3
Fruits and vegetables	10.2	2.6	0.9	6 to 8
Fresh fruits	3.2	10.1	2.1	10 to 15
Fresh vegetables	3.1	-4.3	4.0	3 to 5
Processed fruits	2.2	4.1	-2.9	2 to 4
Processed vegetables	1.7	3.5	0.2	2 to 3
Sugar and sweets	2.2	2.5	3.1	1 to 3
Fats and oils	1.6	2.2	-2.2	2 to 4
Cereals and bakery products	8.3	3.8	2.8	2 to 4
Nonalcoholic beverages	5.5	2.0	5.9	-1 to 1
Other prepared foods	6.4	3.3	2.6	3 to 5

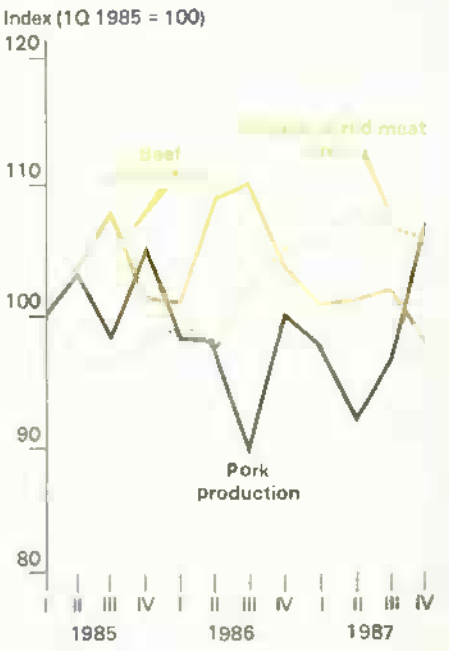
Source: Historical data, Bureau of Labor Statistics; Forecast, USDA/ERS.

of cattle and hogs were reduced. By mid-1986, pork supplies were very low and retail prices were much higher. (See Commodity Spotlight "Hog Expansion Confirmed" in this issue.)

Retail pork prices are expected to decline in the second half of 1987 as pork supplies increase, but beef prices will continue to increase gradually. Strong market prices for livestock and lower feed costs have improved the financial outlook and induced livestock expansion. Because of the biological nature of cattle, expansion in beef production will take more time. Beef supplies, therefore, will remain tight for the rest of this year and retail prices will continue to increase slowly, averaging 5 to 7 percent above 1986. As beef supplies decrease this year, per capita beef consumption will fall about 9 percent (table 10).

Some expansion in pork production is expected in the second half of this year, and some decline in pork prices is likely. Even so, total pork production in 1987 will be about the same as 1986, and the CPI for pork will average 3 to 5 percent above 1986.

Red Meat Price Rise Abates as Pork Production Increases



Retail poultry prices surged in mid-1986. With lower red meat supplies and higher prices, consumers turned to poultry. Fast food chains heavily promoted new chicken items, which stimulated sales even more. Because of the stronger demand, retail prices for poultry rose sharply despite expanding supplies.

Poultry production continued to increase this year, and per capita consumption is expected to be about 8 percent above 1986. Increased production will dampen retail prices in 1987. Retail prices have been falling since second-half 1986, and are expected to continue down for the rest of the year. Poultry prices were high in the first half, but for all of 1987 likely will average about the same as in 1986.

Retail prices of fresh fruit in first-half 1987 were well above the same period last year. While orange production was above last season, strong export demand limited domestic supplies, and prices rose. Decreased imports from Brazil tightened total U.S. supplies. Banana prices were higher because of a fungus infection in Ecuador, which led to a quarantine and temporarily reduced their exports.

Consumers generally substitute among various fresh fruits. During the winter, however, choices are limited, so if orange and banana prices are high, consumers demand more apples and pears, which causes prices for those fruits to rise also. As a result, most 1987 winter fruit prices were higher than a year earlier.

Prices for summer stone fruits are expected to be lower this year. Crops of peaches, nectarines, plums, and apricots are larger than last year. The CPI for fresh fruit will remain high, however, because of the importance of apples and oranges in the index. Apples and oranges are in short supply during the summer and their prices are high. As a result, the 1987 CPI for fresh fruit is expected to rise more than any other CPI food category, averaging 12 to 15 percent above 1986. *[Ralph Parlett (202) 786-1870]*

Farm Finance

Sharp Decline in 1986 Production Expenses; 1985 and 1986 Estimates Revised

Preliminary 1986 farm production expenses were down nearly $12 billion, 9 percent lower than revised 1985 estimates (table 36). The drop in 1986 was a record in dollar terms. In percentage terms, it was the largest decline since 1932.

The 1986 production expense estimates are $3 billion lower than those presented in the June **Agricultural Outlook**. Much of the difference between the forecast and the preliminary expense estimates is due to a $2.5 billion downward revision for 1985. Revisions for 1982 to 1985 were based on new data and improved procedures.

Expense estimates are based largely on the annual Farm Costs and Returns Survey (FCRS) and incorporate data from the National Agricultural Statistical Service (NASS). Changes from 1985 to 1986 for most FCRS expense categories are corroborated by changes in price and quantity series reported by NASS and other agencies.

Producers cut 1986 expenses from 1985 through lower bills for most major expense items. The largest absolute reductions occurred in capital consumption, manufactured inputs, feed purchases, and interest charges. Net rent to non-operating landlords, (which is the sum of share rent, cash rent, and Government payments received by landlords less landlord expenses) also fell sharply in 1986.

While falling expenses are associated both with acreage reduction under Government programs and with lower input prices, further reductions appear to reflect management decisions. Expense reductions from 1985 to 1986 are slightly larger than those attributable only to input price movements and a smaller planted acreage base. In 1986, operators reduced chemical application rates to mid-1970's levels and fuel use was lower. Combined savings from lower fertilizer, fuel, and pesticide expenditures amounted to $3.8 billion, down 20 percent from a year earlier. These reductions are probably adjustments by cash grain farmers to lower prices received.

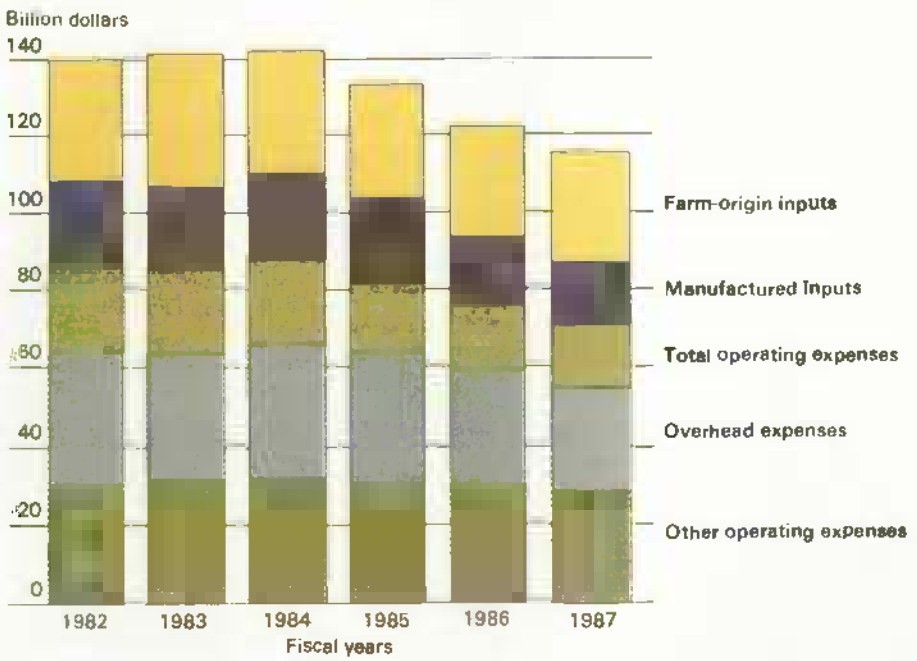
The decline in feed grain prices benefited livestock producers. Feed expenses for 1986 were down an estimated $1.8 billion from revised 1985 estimates reflecting lower grain prices and providing more profitable feeding margins.

A decline of 10 percent in interest expenses benefited both crop and livestock producers. Interest rates are lower than last year. Farmers have fewer outstanding liabilities following debt paydown from higher levels of net income and more liquidity. Operators appear reluctant to incur additional liabilities. In 1986, an estimated $17.9 billion of outstanding debt was repaid, with the repayment rate slightly favoring non-real estate obligations. Reluctance by some farmers to finance current-year operating costs has been cited by several Federal Reserve Banks who report marked declines in new loan demand. This trend was well established in 1986, with a $1 billion, or 12 percent, reduction in short-term interest charges.

Related to cautious fiscal management by farmers in 1986 is a nearly $2-billion fall from 1985 depreciation. Largely because of a protracted slowdown in new machinery purchases, capital consumption on aging equipment has slowed relative to the 1970's. Depreciation in 1987 may be $5 billion, or 22 percent, lower than the 1982 peak, because producers in the mid-1980's have been slower to replace existing equipment and have been able to buy used equipment at reduced prices.

Gross cash income for 1986 was revised upward by $2 billion from that reported in the June **Agricultural Outlook** (table 1). The additions were about equally split between crop and livestock receipts. The decrease of $3.6 billion from the revised estimate for 1985 reflects a decrease in crop marketings, an increase in Government payments, and a small rise in livestock marketings (table 35). Revised net cash income is $4 billion above the June estimate. The result is that net cash income for 1986 is now estimated at $53 billion, up from a revised $47 billion for 1985. *[Richard Kodl (202) 786-1808]*

Farm Production Expenses Drop for the Third Year In a Row



Economic Research Service
U.S. Department of Agriculture

Outlook & Situation Reports	Subscription Fee Domestic	Foreign
☐ Agricultural Exports (4 issues)	$5.00	$6.25
☐ Agricultural Resources (4)	16.00	20.00
☐ Cotton & Wool (3)	5.50	6.90
☐ Dairy (5)	6.00	7.50
☐ Feed (3)	5.50	6.90
☐ Fruit (4)	7.50	9.40
☐ Livestock & Poultry (4)	8.50	10.65
☐ Oil Crops (3)	5.00	6.25
☐ Rice (2)	5.00	6.25
☐ Sugar & Sweetener (3)	5.50	6.90
☐ Tobacco (4)	7.50	9.40
☐ Vegetable (3)	5.00	6.25
☐ Wheat (3)	5.00	6.25
☐ World Agriculture (4)	7.00	8.75
☐ World Agriculture Regionals (10)	21.00	26.75

Western Hemisphere, Eastern Europe, Western Europe, USSR, Middle East and North Africa, Subsaharan Africa, East Asia and Oceania, China, South Asia, Southeast Asia

Other Publications	Subscription Fee Domestic	Foreign
☐ Agricultural Economics Research (4)	$5.00	$6.25
☐ Economic Indicators of the Farm Sector (5)	9.00	11.25
☐ Foreign Agricultural Trade of the U.S. (8)	21.00	26.25
☐ Rural Development Perspectives (3)	5.00	6.25

For single copy prices, call (202) 783-3238

Note: Reports, issued periodically, provides descriptive information of current ERS research reports and other publications and their purchase prices. To be placed on the free mailing list for Reports, and for additional details about ordering publications, please contact: Information Division, Room 237, USDA, 1301 New York Avenue, N.W. Washington, D. C. 20005-4789, (202) 786-1512

HOW TO ORDER: Check appropriate box. Calculate the total charges for subscriptions and enter below. If your address is outside the U.S., use "foreign" price. Make check or money order payable to Superintendent of Documents. Allow 6 weeks for processing. For faster service or foreign air mail information, call (202) 783-3238. Mail this entire form to: Superintendent of Documents, U.S. Government Printing Office, Washington, D. C. 20402

Order Form

Mail To: Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402

Enclosed is $ _____ ☐ check, ☐ money order, or charge to my Deposit Account No.

☐☐☐☐☐☐☐–☐

Order No._____

MasterCard and VISA accepted.

Credit Card Orders Only

Total charges $_____

Fill in the boxes below

Customer's Telephone No.'s

Area Code | Home | Area Code | Office

Credit Card No. ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

Expiration Date Month/Year ☐☐☐☐

Charge orders may be telephoned to the GPO order desk at (202)783-3238 from 8:00 a.m. to 4:00 p.m. eastern time, Monday-Friday (except holidays).

Company or Personal Name

Additional address/attention line

Street address

City | State | ZIP Code

(or Country)

PLEASE PRINT OR TYPE

For Office Use Only

Quantity		Charges
_____	Publications	_____
_____	Subscriptions	_____
	Special Shipping Charges	_____
	International Handling	_____
	Special Charges	_____
	OPNR	_____
_____	UPNS	
_____	Balance Due	
_____	Discount	
_____	Refund	

Agricultural Policy

August marks the traditional summer recess for Congress. Senators and Representatives use the time to travel around their State or district talking to people, sensing their problems and concerns. Therefore, August is an appropriate time to examine the agricultnral legislation introduced in the 100th Congress so far. The bills reflect the concerns that Congressmen and their constituents have about agricultural policy. However, like all other legislative proposals, these bills must be discussed, voted on in committee and on the House and Senate floors, and then signed by the President before they can become law. Not all of them make it.

Senators Byrd and Harkin, along with Representative Gephardt, introduced a program of mandatory production controls. Their legislation would change the basic structure of the Federal programs for wheat, feed grains, cotton, rice, and soybeans. The Administration's proposal, introduced in the House by Representative Madigan, is the only other bill which covers all these commodities.

Most of the bills to amend the commodity provisions of the 1985 Food Security Act deal with wheat, feed grains, and soybeans. Little change is under active consideration for the cotton and rice programs. No legislation has been introduced that would change only the cotton or rice program, and several bills would extend the marketing loan provisions now mandated for cotton and rice to wheat, feed grains, and soybeans.

Senator Exon's and Representative Volkmer's production control programs apply only to wheat and feed grains. Other bills would change only one or two parts of the current programs; for example, raising loan rates for soybeans or eliminating the minimum planting requirements under "50/92" for wheat and feed grains.

Disaster Assistance and Supplemental Appropriation Acts Passed

President Reagan signed the Farm Disaster Assistance Act of 1987 (P.L. 100-45) into law on May 27, 1987. The act provides additional assistance to producers who experienced crop losses from natural disasters in 1986.

Eligible producers who planted less than 50 percent of their 1987 permitted acreage (crop base less required acreage reduction) can receive 92 percent of their deficiency payments. These provisions apply to all winter wheat producers. Other wheat producers are eligible if they could not plant their 1987 crop because of a 1986 disaster, and are located in a county that the Farmers Home Administration approved for 1986 emergency disaster loans. Producers in the feed grain, cotton, and rice programs are eligible if the farm is in an FmHA-approved county, and more than half the permitted acreage was flooded or in danger of flooding during planting because of levees damaged in 1986.

In the 1987 Appropriations Bill (P.L. 99-591), Congress allocated $400 million, payable in generic certificates, for the 1986 disaster program. Approved claims totaled over $535 million, so farmers received only 74 percent of their claims. The 1987 Disaster Act requires USDA to pay those claims in full, with the additional payments in generic certificates.

The 1987 Disaster Act requires the Secretary of Agriculture to establish a seven-member panel to study the cost effectiveness of ethanol production. This panel is directed to review costs of production in manufacturing ethanol and to analyze the tradeoffs between Federal incentives for fuel ethanol and other agricultural programs. This panel has been named.

The Secretary must submit a report to Congress on marketing loans for wheat, feed grains, and soybeans. The report is to contain a statement of why marketing loans were not implemented for 1987 crops; comparisons between current programs (including cotton and rice) and potential marketing loans for wheat, feed grains, and soybeans; analysis of whether the market effects of generic certificates are similar to those of marketing loans; and analysis of the effect of a soybean marketing loan on sunflowers.

The last section of the act establishes a discretionary marketing loan program for sunflowers, similar to the one for soybeans. The minimum loan rate for the 1987-90 sunflower crops would be 8.5 cents per pound.

The 1987 Supplemental Appropriations Bill (P.L. 100-71) was signed by the President on July 11, 1987. It provides $5.5 billion for the Commodity Credit Corporation, which has been without operating funds since early May. The act appropriates $160 million to carry out the disaster assistance programs specified in the Farm Disaster Assistance Act passed in May.

A total of $10 million is provided for three agricultural studies. They are to determine whether growers of basic commodities favor mandatory limits on how much they can produce; how much of each commodity will be needed annually for domestic and export use; and if changes in existing regulations would be needed to allow the Agriculture Secretary to impose mandatory controls. *[Lewrene Glaser 786-3313 and Susan Pollack 786-1780]*

Proposal	Loans	Loan Limit	Target Price
Wheat and Feed Grains			
Current Law	Basic loan rate for wheat and corn based on 75-85% of season average price for the last 5 years, dropping high and low prices. Rate may not decrease more than 5% from previous year (1987 wheat = $2.85/bu, corn = $2.28). Loan rates for grain sorghum, barley, oats, and rye based on feed value relation to corn. Secretary can reduce loan rates a further 20% if market price was 110% or less of announced loan rate during previous year or if reduction is necessary to maintain domestic and export markets. (Findley amendment) Discretionary marketing loans. Repay at either lesser of announced loan or, higher of world market price or 70% of basic loan rate.	No provision.	Wheat $4.38/bu for 1987 $4.29/bu for 1988 $4.16/bu for 1989 $4.00/bu for 1990 Corn: $3.03/bu for 1987 $2.97/bu for 1988 $2.88/bu for 1989 $2.75/bu for 1990
Madigan (H.R.2303) on behalf of of the Administration	Formula same as current law, except the yearly reductions allowed in the basic loan rate increase from 5 to 10% at Secretarial discretion.	No provision.	Wheat $3.94/bu for 1988 $3.55/bu for 1989 $3.20/bu for 1990 Corn: $2.73/bu for 1988 $2.46/bu for 1989 $2.21/bu for 1990
Byrd/Harkin (S.658) and Gephardt (H.R.1425)	Secretary to conduct referendum for wheat and feed grains. If approved by majority vote, program in effect for 4 years which establishes minimum loan rates at 70% of parity for the 1988 crop. Rates increase 1% annually thereafter to a maximum of 80% of parity for the 1998-2000 crops. If not approved, Food Security Act provisions apply for that year and referendum held again next year.	Secretary proclaims national marketing quotas. Producers issued marketing certificates at same time farm allotments are determined; quantity = acreage allotment × program yield, less on-farm uses. Commodity may not be marketed without a certificate. Loan limit = certificate amount.	Target prices eliminated
Baucus (S.662)	Mandatory marketing loans, beginning with 1987 crops. For wheat, repay at State market price or 70% of basic loan rate. For feed grains, repay at State market price.	No provision.	Wheat No change from current law. Corn: $2.88/bu for 1987 $2.82/bu for 1988 $2.74/bu for 1989 $2.61/bu for 1990
Boschwitz (S.755) modified Administration proposal	No provision.	No provision	No provision.

Deficiency Payment	Payment Limit	Acreage Reduction
Deficiency payments made if average market price during first 5 months of marketing year is lower than target price. Payment rate is difference between target price and higher of 5-month market price or basic loan level. Findley deficiency payments (difference between basic and higher of market prices or announced rate) based on 12-month market price. Payment rates for grain sorghum, oats, and barley (if designated) must be fair and reasonable in relation to corn.	Portion of deficiency payments above basic loan rate and land diversion payments limited to $50,000 per person. An overall limit of $250,000 per person includes previous $50,000; plus any gain realized from repaying a marketing loan; disaster, Findley deficiency, loan deficiency, and inventory reduction payments.	ARPs depend on amount of carryover stocks. For wheat, 1 billion bu or less, 0-20%; more than 1 billion bu, 20-27.5% (1987) or 20-30% (1988-90). For corn, 2 billion bu or less, 0-12.5%; more than 2 billion bu, 12.5-20%. "50/92" provisions: Producers who plant between 50-92% of permitted acres (crop acreage base less ARP) receive 92 percent of their deficiency payments, as long as underplanted acres are devoted to conserving uses.
No provision.	All payments, excluding paid land diversion, limited to $50,000.	Changes "50/92" to "0/92": producers receive 92% of their deficiency payments if they plant between 0 and 92% of their permitted acreage. Underplanted acreage must be devoted to conserving uses.
Deficiency payments eliminated.	Land diversion payments limited to $50,000.	Secretary proclaims national acreage allotments; distributed among farms by county committees. Maximum set-aside is 35%. Secretary may offer paid land diversion to eligible family farmers if greater reductions are needed to bring supply in line with demand. Larger set-aside percentage required as farm size increases.
No provision.	No provision.	For wheat, 10% in-kind PLD required for 1988-90 crops if carryover stocks are more than 1 billion bu (in addition to 20-30% ARP). For corn (with more than 2 billion bu carryover), ARPs increased to 17.5-25% for 1988-90 crops. 5% in-kind PLD also required if carryover exceeds 2 billion bu. Changes "50/92" to "0/92".
Deficiency payment rates for the portion of acreage not planted under "0/92" are the projected payment rates announced by the Secretary at signup.	No provision.	Changes "50/92" to "0/92" for the 1987 crop only. Haying and grazing not permitted on underplanted acreage.

Proposal	Loans	Loan Limit	Target Price
Exon (S.781)	Secretary to conduct referendum by mail for wheat. If approved by majority vote, program in effect for 1988-90 crops. Quota for 1991-93 must be announced (then voted on) if 1988-90 quota approved. Minimum loan rate established at $4.65/bu. If program not approved, Food Security Act provisions apply. No provisions for food grains.	Secretary proclaims national marketing quota for wheat. For 1988-89, national quota cannot be less than 65% of 1981-85 average production. Farm marketing quota established for each farm: 1981-85 average acreage planted and considered planted × 1981-85 average yield × apportionment factor (national quota/ 1981-85 average production, increased for diverted and disaster acreage). Loan limit = marketing quota. No provisions for feed grains.	Wheat target prices eliminated. No provisions for feed grains.
Danforth (S.1137) and Emerson (H.R.2298)	Mandatory marketing loan required for 1990 and subsequent crops if Congress has not yet approved a GATT agreement on agricultural trade.	No provision.	No provision.
Burdick (S.1316)	Minimum loan rates for 1988-90: wheat, $5.00/bu and corn, $3.50. Mandatory marketing loan for 1988-90 crops. Repay at county average market price.	Total amount of loans for wheat, feed grains, upland cotton, ELS cotton, rice, soybeans, honey, and other commodities limited to $150,000.	No provision.
Daub (H.R.120)	Mandatory marketing loan for wheat and corn. Repay at the world market price.	No provision.	No provision.
Stangeland (H.R.259)	Mandatory recourse marketing loans for 1988-90 crops. Repay at current regional or State daily average market prices if lower than the loan rates.	No provision.	For 1988-90 wheat, $4.40/bu for first 15,000 bu and $4.00 for all additional production. For corn, $3.05 for first 30,000 bu and $2.75 for all additional.
English (H.R.556)	No provision.	No provision.	Secretary required to offer producers contracts: receive minimum target prices—$4.38/bu for wheat, $3.03/bu for corn, $2.88/bu for grain sorghum, $2.60/bu for barley, and $1.60/bu for oats—for 3 years in return for not planting any of the crop during that time.
Dorgan (H.R.923)	Loan provisions repealed for 1988-90 crops. CCC sales price set at 75% of target price. (Current law = 115% of national loan rate.) Release price for FOR set at 110% of target price. (Current law = higher of 140% of nonrecourse loan rate or target price.)	Not applicable.	Wheat: $5.00/bu Corn: $3.50/bu

Deficiency Payment	Payment Limit	Acreage Reduction
Deficiency payments for wheat eliminated. Findley deficiency payments for feed grains based on first 5 months of the marketing year for 1986-90 crops.	No provisions for wheat. For corn, land diversion payments excluded from $50,000 payment limit.	Whenever quota is in effect for wheat, Secretary may reduce normally planted acreage to an amount sufficient to produce the farm marketing quota. No provisions for feed grains.
No provision.	No provision.	No provision.
No provision.	No provision.	ARPs limited to 25% for wheat and feed grains.
No provision.	No provision.	No provision.
No provision.	No provision.	Changes "50/92" beginning with the 1987 crops: producers receive 92% of deficiency payments if they plant between 0 and 50% of their permitted acreage.
No provision.	No provision.	Change "50/92" to "0/100". Underplanted acreage must be devoted to conserving uses.
Deficiency payments eliminated and replaced with cash "target payments." Half of payment made in advance on Feb 15; rate = target price minus average market price for preceding July 1 - Jan. 31. Remainder made on Nov. 15 for wheat and Dec 15 for corn; rate = target price minus average market price for Aug 1-Oct 30 (wheat) and Sept 1 - Nov 30 (corn). Payments for grain sorghum, barley, oats, and rye set at levels that are fair and reasonable in relation to corn.	Quantity limit: the lesser of 20,000 bu (wheat)/30,000 bu (corn) or 80% of acreage base × program yield. Payments received under wheat and feed grain programs count toward $50,000 limit for other commodity programs. Only persons actively engaged in farming eligible for payments under the wheat, feed grains, upland cotton, ELS cotton, and rice programs.	For wheat, 1988-90 ARPs depend on amount of carryover stocks: 1 billion bu or less, 0-15%; more than 1 billion bu, 20%. For corn, ARP levels unchanged from current law. Acreage bases frozen at 1987 levels. Program yield based on yield for previous 5 years, dropping years with no production, high and low yields. Cross-compliance repealed for 1988-90 crops. Hay and grazing permitted on diverted acres except during consecutive 5-month period established by the State ASC committee.

Proposal	Loans	Loan Limit	Target Price
Glickman (H.R.1644)	No provision.	No provision.	No provision.
Schuette (H.R.1935)	No provision.	No provision	No provision.
Volkmer (H.R.2294)	Secretary to conduct referendum for wheat and feed grains. If approved by majority vote (including majority of wheat producers and majority of feed grain producers), program in effect for 1988-89 crops. Another referendum held for 1990-91 crops. Minimum loan rates for 1988 set at $4.72/bu for wheat and $3.44/bu for corn. Minimum loan rates for 1989-91 are the lesser of the previous year's level increased by 2 parity index points or Wheat: $4.85/bu for 1989 $4.98/bu for 1990 $5.11/bu for 1991 Corn: $3.54/bu for 1989 $3.64/bu for 1990 $3.74/bu for 1991 If not approved, Food Security Act provisions apply.	Producers issued marketing certificates; quantity = program yield x permitted acreage, as determined by current law. Commodity may not be marketed domestically without a certificate; however, may be used on farm or exported. Crops exported with certificate eligible for Export Enhancement Program. Loan limit = certificate amount.	Target prices eliminated.
Glickman (H.R.2610)	Basic loan rate for 1988 to remain at 1987 level of $2.85/bu. Basic loan rate for 1987 corn set at 1986 level of $2.40/bu.	No provision.	No provision.

Proposal	Loans	Loan Limit	Direct Payment
Soybeans			
Current Law	Loan rate for 1987 is set at $5.02/bu. Rates for 1988-90 crops will be 75% of the simple average of the season prices received by farmers during the previous 5 years, excluding the years with the high and low prices. Rate may not decrease more than 5% from previous year and not below $4.50/bu. Rate may be further lowered by up to 5% to maintain domestic and export markets, but not lower than $4.50/bu. (Findley amendment) Discretionary marketing loan. Repay at world market price.	No provision.	No provision.
Madigan (H.R.2303) on behalf of the Administration	Formula same as current law, except the yearly reductions allowed in the loan rate would increase from 5 to 10% at Secretarial discretion. $4.50/bu minimum deleted.	No provision.	No provision.

Deficiency Payment	Payment Limit	Acreage Reduction
For 1987-88 crops: deficiency payment rates for the portion of acreage not planted under "0,50/92" are the projected payment rates announced by the Secretary at signup.	No provision	In addition to "50/92," producer may devote all of permitted acreage to conserving uses and receive 92% of deficiency payments.
Findley deficiency payments based on first 5 months of marketing year for 1987-90 crops.	No provision.	No provision.
Deficiency payments eliminated	No provision.	No provision.
No provision.	No provision.	No provision.

Payment Limit	Acreage Reduction
No provision.	No provision.
No provision.	No provision.

Proposal	Loans	Loan Limit	Direct Payment
Cochran (S.308)	Maintain $5.02 rate through 1990. Mandatory marketing loan. Repay at the higher of world market price or 50% of the loan level for 1987 crop, 60% for the 1988 crop, and 70% for the 1989-90 crops. Loan deficiency payments made to eligible producers who forgo loans; rate = loan rate minus repayment level.	No provision.	No provision.
Byrd/Harkin (S.658) and Gephardt (H.R.1425)	Secretary to conduct referendum. If approved by majority vote, program in effect for 4 years. Minimum loan rates established at 70% of parity for the 1988 crop and increase 1% annually thereafter to a maximum of 80% of parity for the 1998-2000 crops. If not approved, Food Security Act provisions apply for that year and referendum held again next year.	Secretary to proclaim national marketing quota. Producers issued marketing certificates at same time farm allotment is determined; quantity = acreage allotment × program yield, less on-farm uses. Commodity may not be marketed without a certificate. Loan limit = certificate amount.	Diversion payments determined by bid or other means.
Baucus (S.662)	Loan rate set at a level between $4.25/bu and $4.58/bu. Nonrecourse loan program for 1988-90 sunflower crops; loan rate set at 9 cents/lb. Mandatory marketing loan, beginning with 1987 soybean crop and 1988 sunflower crop. Repay at State market price.	No provision	No provision.
Exon (S.781)	Minimum loan rate set at $4.77/bu. Mandatory marketing loan. Repay at world market price.	No provision.	No provision.
Danforth (S.1137) and Emerson (H.R.2298)	Mandatory marketing loan required for 1990 and subsequent crops if Congress has not yet approved a GATT agreement on agricultural trade.	No provision	No provision.
Burdick (S.1316)	Minimum loan rate for 1988-90 crops set at $5.00/bu. Nonrecourse loan program for 1988-90 sunflower crops; loan rate set at 9 cents/lb. Mandatory marketing loan for 1988-90 soybean and sunflower crops. Repay at county average market price.	Total amount of loans for wheat, feed grains, upland cotton, ELS cotton, rice, soybeans, honey, and other commodities limited to $150,000.	No provision.
Daub (H.R.120)	Mandatory marketing loan. Repay at the world market price.	No provision.	No provision.
Huckaby (H.R.985)	Loan rate for 1987-90 crops raised to $6/bu. Loans available only to producers that limit their soybean plantings to the farm's soybean acreage base. Mandatory marketing loan. Repay at the world market price.	Quantity produced on farm's soybean acreage base. (Acreage base = average acreage planted to soybeans during the 2 years of the 1982-86 period in which soybean acreage was the largest.)	No provision.
Huckaby (H.R.1797)	Loan rate for 1986-87 crops set at $5.02/bu and $5.70/bu for 1988-90 crops. Mandatory marketing loan. Repay at the world market price.	No provision	No provision.

Payment Limit	Acreage Reduction
No provision.	No provision.
Land diversion payments limited to $50,000.	Secretary to proclaim national acreage allotment; distributed among farms by county committees. Maximum set-aside is 35%. Secretary may offer paid land diversion to eligible family farmers if greater reductions are needed to bring supply in line with demand. Larger set-aside percentage required as farm size increases.
No provision.	Secretary may require participation in production adjustment program for sunflowers to be eligible for loans.
No provision.	No provision.
No provision.	No provision.
No provision.	No provision.
No provision.	No provision.
No provision.	No provision.
No provision.	No provision.

Upland Cotton and Rice

Proposal	Loans	Loan Limit	Target Price
Current Law	**Upland Cotton:** The lower of 85% of the average spot market price for SLM 1-1/16" upland cotton at average U.S. location during 3 years of the 5-year period (excluding years with highest and lowest prices) ending July 31 in the year in which the loan level is announced or 90% of the average adjusted price of the 5 lowest priced growths quoted for Middling 1-3/32" cotton, c.i.f. Northern Europe, for the 15-week period beginning July 1 of the year in which the loan rate is announced. Rate may not decrease more than 5% from previous year and not below 50 cents. Marketing loan required if world market price for upland cotton is below the loan level. Secretary can implement either of 2 repayment plans. Under Plan A, repayment rate is set at a level between 80-100% of the loan rate. Under Plan B, loans are repaid at the lower of the loan rate or the world market price, or under certain conditions, between 80% of the loan rate and the world market price. **Rice:** 85% of the simple average of the season prices received by producers during the previous 5 years, dropping the high and the low. Rate may not decrease more than 5% from previous year and not below $6.50/cwt. Marketing loan required. Producers may repay their loans at the higher of the world market price or 50% of the loan rate for the 1987 crop, 60% of the loan rate for the 1988 crop, and 70% of the loan rate for the 1989-90 crops.		Cotton: $0.794/lb for 1987 $0.770/lb for 1988 $0.745/lb for 1989 $0.729/lb for 1990 Rice: $11.66/cwt for 1987 $11.30/cwt for 1988 $10.95/cwt for 1989 $10.71/cwt for 1990
Madigan (H.R.2303) on behalf of the Administration	Formula same as current law, except that the yearly reductions allowed in the loan rate would increase from 5 to 10% at Secretarial discretion. Minimum rates ($0.50/lb for cotton and $6.50/cwt for rice) deleted.	No provision.	Cotton: $0.715/lb for 1988 $0.644/lb for 1989 $0.580/lb for 1990 Rice: $10.49/cwt for 1988 $ 9.44/cwt for 1989 $ 8.50/cwt for 1990
Byrd/Harkin (S.658) and Gephardt (H.R.1425)	Secretary to conduct referendum for each. If approved by majority vote, program in effect for 4 years which establishes minimum loan rates at 70% of parity for the 1988 crop. Rates increase 1% annually thereafter to a maximum of 80% of parity for the 1998-2000 crops. If not approved, Food Security Act provisions apply for that year and referendum held again next year.	Secretary proclaims national marketing quotas. Producers issued marketing certificates at same time farm allotments are determined; quantity = acreage allotment × program yield, less on-farm uses. Commodity may not be marketed without a certificate. Loan limit = certificate amount.	Target prices eliminated.
Boschwitz (S.755) modified Administration proposal	No provision.	No provision.	No provision.

Deficiency Payment	Payment Limit	Acreage Reduction
Deficiency payments are made based on the difference between the target price and the higher of average market prices during the first 5 months of the marketing year for rice (calendar year, which includes the first 5 months of the marketing year for cotton) or the loan level.	Deficiency payments and land diversion payments limited to $50,000 per person. An overall limit of $250,000 per person includes previous $50,000; plus any gain realized from repaying a marketing loan; disaster, loan deficiency, and inventory reduction payments.	Secretary must operate ARPs to result in carryover stocks of 4 million bales of cotton and 30 million cwt of rice. For cotton, ARPs cannot exceed 25%; for rice, 35%. "50/92" provisions: Producers who plant between 50-92% of permitted acres receive 92 percent of their deficiency payments, as long as underplanted acres are devoted to conserving uses.
No change.	All payments, excluding paid land diversion, limited to $50,000.	Changes "50/92" to "0/92": producers receive 92% of their deficiency payments if they plant between 0 and 92% of their permitted acreage. Underplanted acreage must be devoted to conserving uses.
Deficiency payments eliminated.	Land diversion payments limited to $50,000.	Secretary proclaims national acreage allotments, distributed among farms by county committees. Maximum set-aside is 35% for both commodities. Secretary may offer paid land diversion to eligible family farmers if greater reductions are needed to bring supply in line with demand. Larger set-aside percentage required as farm size increases.
Deficiency payment rate for the portion of acreage not planted under "0/92" is the projected payment rate announced by the Secretary at signup.	No provision.	Changes "50/92" to "0/92" for the 1987 crop only. Haying and grazing not permitted on underplanted acreage.

Proposal	Loans	Loan Limit	Direct Payment
Sugar			
Current Law	Rate is 18 cents/lb for raw cane sugar. Sugar beets supported at a level that is fair and reasonable in relation to sugarcane. President shall use all authorities available to enable the Secretary to operate the sugar program at no cost to the Federal Government.	No provision.	No provision.
Helms (S.1000) and Porter (H.R.2017) on behalf of the Administration	Loan rate set at 12 cents/lb for the 1987-91 crops. Requirement to operate program at no cost to Federal Government eliminated.	No provision.	Sugar growers would receive a "transition payment" during fiscal 1988-91. Payment = payment rate × base quantity (lbs of raw sugar produced in 1985 or 1986, whichever is less). Payment rate for fiscal 1988 begins at base rate of 6 cents/lb, but decreases as quantity increases. Base rate drops 1.5 cents per year. No payments for production exceeding 20,000 tons.

Changes in the Senate Ag Committee

Senators John Breaux (D-Louisiana) and David Karnes (R-Nebraska) have joined the Senate Committee on Agriculture, Nutrition, and Forestry. In addition, the Committee has expanded the number of its subcommittees from six to seven (see below). Senator John Melcher (D-Montana)—replaced the deceased Senator Ed Zorinsky (D-Nebraska) as the Chairman of the Subcommittee on Agricultural Production and Stabilization of Prices.

Subcommittees:

Agricultural Production and Stabilization of Prices
John Melcher, Chairman
Jesse Helms, Ranking Minority Member

Domestic and Foreign Marketing and Product Promotion
David Pryor, Chairman
Thad Cochran, Ranking Minority Member

Agricultural Credit
David Boren, Chairman
Rudy Boschwitz, Ranking Minority Member

Rural Development and Rural Electrification
Howell Heflin, Chairman
Mitch McConnell, Ranking Minority Member

Nutrition and Investigations
Tom Harkin, Chairman
Robert Dole, Ranking Minority Member

Agricultural Research and General Legislation
Kent Conrad, Chairman
Pete Wilson, Ranking Minority Member

Conservation and Forestry
Wyche Fowler, Chairman
Christopher Bond, Ranking Minority Member

Export Growth Markets for U.S. Grains and Oilseeds

Throughout the 1970's, U.S. agricultural exports rose until, in 1980, 39 percent of U.S. cropland harvested was used for export. By 1986, the value of U.S. exports had declined 35 percent and only 29 percent of U.S. cropland was used for export, the lowest since 1971. Exports are showing signs of growing again this year. A growing export market is important in the recovery of U.S. agriculture from its recent financial problems.

Because grains and oilseeds are such a large component of U.S. exports, we will focus on these commodities. Most of the import growth for grains and oilseeds in the next decade or more will likely come from a few, mostly middle-income countries in intermediate stages of economic development. As world grain and oilseed imports grow, U.S. farmers will want to maintain or increase their trade share.

The Decline in U.S. Exports May Be Bottoming Out

The volume of U.S. exports of grains and oilseeds is increasing during calendar 1987 to 128.6 million wheat-equivalent tons from the recent low of 110.6 million in 1986. (Wheat equivalent units are used to overcome the aggregation problems associated with index numbers which are plagued by changing exchange and inflation rates). This upturn follows a 6-year decline (1980-86). Before that, the longest and largest decline lasted 3 years (1966-69).

At the bottom of the previous downturn (1966-69) grain and oilseed exports were 31 percent below trend. They recovered 4 years later. In the recent downturn (1981-86) they were 32 percent below trend. Preliminary data show U.S. grain and oilseed exports growing over 16 percent in 1987. It is too soon to say if or when exports will return to their long-term trend, but the recent decline appears to have bottomed out.

U.S. Exports Depend on Global Trade Volume and U.S. Share

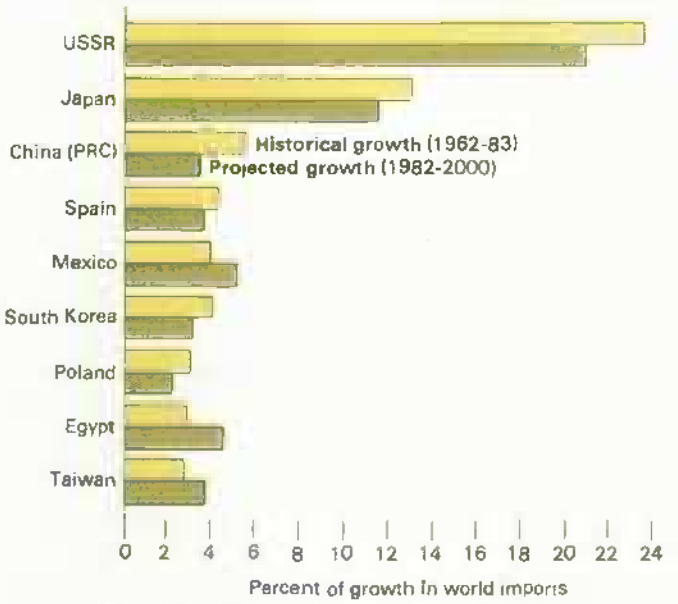
Export fluctuations can be described by looking at two sources of growth: (1) growth in world imports, and (2) changes in the U.S. share of world exports. From the late 1960's through the late 1970's, world imports of grains and oilseeds grew at an average annual rate of over 8 percent. The U.S. share of world exports of grains and oilseeds increased from 59 to 71 percent; U.S. exports grew at a high rate. In contrast, in the early 1980's world imports increased at a slow annual rate of less than 1 percent, and the U.S. share of world exports declined from 72 to 61 percent; U.S. exports fell rapidly.

Increases in U.S. Share Depend on Productivity, Prices, and Policy

Market share is an indicator of competitiveness. From 1961 to 1985 the U.S. share of world exports of grains and oilseeds averaged 63 percent, ranging from 53 in 1961 to 72 in 1978. One reason for long-term U.S. export success is the ability of U.S. farmers to increase resource productivity. For the past 3 decades, the productivity of U.S. agriculture increased at an average annual rate of 1.9 percent. Increases in resource productivity reduce the cost of U.S. farm products. Other factors affecting trade share include price competition, and policies affecting quotas, tariffs, and subsidies by various exporters and importers.

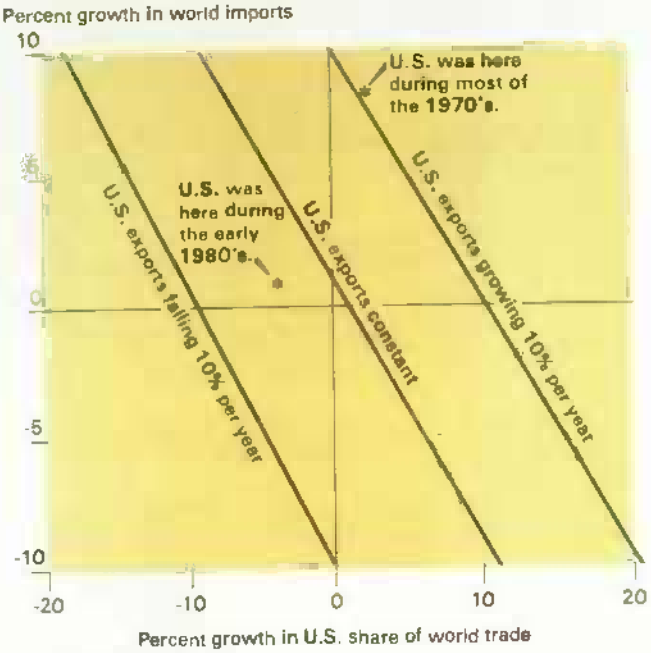
The ability of U.S. agriculture to respond to rapid increases in world demand has also contributed to U.S. competitiveness. The United States gained over 75 percent of the over 100-percent increase in world grain and oilseed trade during just the 1970's. U.S. farmers increased production rapidly by bringing in land that had been idled during the 1960's land diversion programs, by farming their land more

A Few Countries Account for Most Growth in World Imports of Grains and Oilseeds



Iran, Nigeria, Saudi Arabia, Venezuela, Algeria, Iraq, Romania, Morocco, Malaysia, and India also have growth projected greater than in the past

U. S. Exports Increase From Both Large Market Share And World Income Growth



intensively, and by using existing labor and capital more fully. Farmers also invested during the 1970's to increase capacity, in anticipation of continued growth in world demand through the 1980's.

The 1985 Farm Act can help U.S. agriculture increase its share of world trade by reducing domestic loan rates, which in turn reduce export prices. Intermediate export credit and export promotion programs are also available. The Export Enhancement Program uses CCC stocks to counter subsidized exports of other countries.

U.S. Share of World Exports Decreased During the 1980's

Why did U.S. export volume decline 35 percent between 1980 and 1986? World imports declined during this period, but more importantly, the U.S. share declined about 15 percent, partly due to the high-valued dollar and to domestic price supports which left U.S. agricultural products less competitive. This gave other exporters the opportunity to expand production and exports.

Relatively high U.S. loan rates limited the ability of U.S. agriculture to adjust to market conditions during the early 1980's. This was unlike the 1970's, when rapidly expanding world demand for agricultural commodities put international prices well above U.S. loan rates. The high and rigid loan rates in the 1981 Farm Act, the rising dollar, and slowed foreign economic growth created problems for U.S. farmers as world demand growth slowed in the 1980's. World prices fell below domestic loan rates, reducing U.S. exports and increasing Government stocks.

Export subsidies also affect trade shares. The United States and other major agricultural exporters pursued policies during the early 1980's that led to very large global

Economic Development and Agricultural Trade

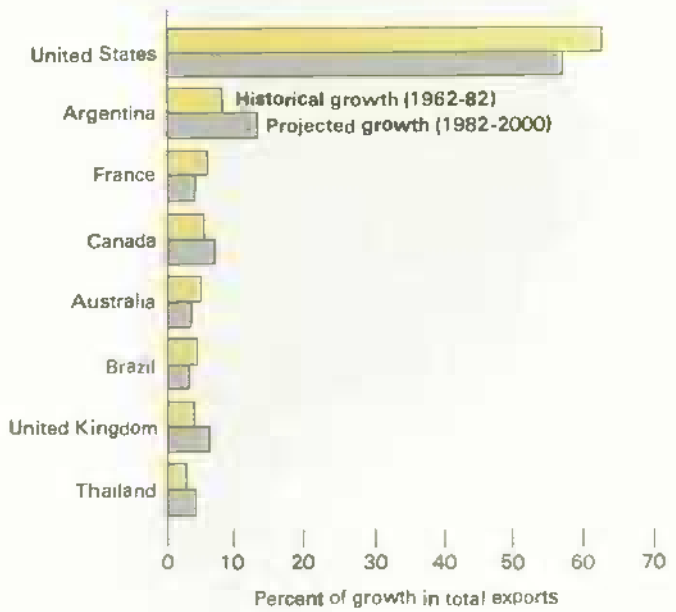
Successive stages of economic growth and development help determine developing nations' needs for agricultural imports. In the low-income stage, the staples of consumption are largely basic foodstuffs produced domestically. Some food grains may be imported on concessionary terms. Agricultural products such as coffee and sugar may be exported in order to import foodstuffs. Low per capita income constrains demand, and low technology constrains production. Relatively little foodstuff trade takes place.

In the middle-income stage, economic growth drives import growth. Higher per capita income combines with a changing diet to generate a demand for food which outstrips increases in food production. The diet composition shifts from basic staples to more high quality food grains and livestock products. Although agriculture becomes more productive, a part of the growth in demand is met by increased imports.

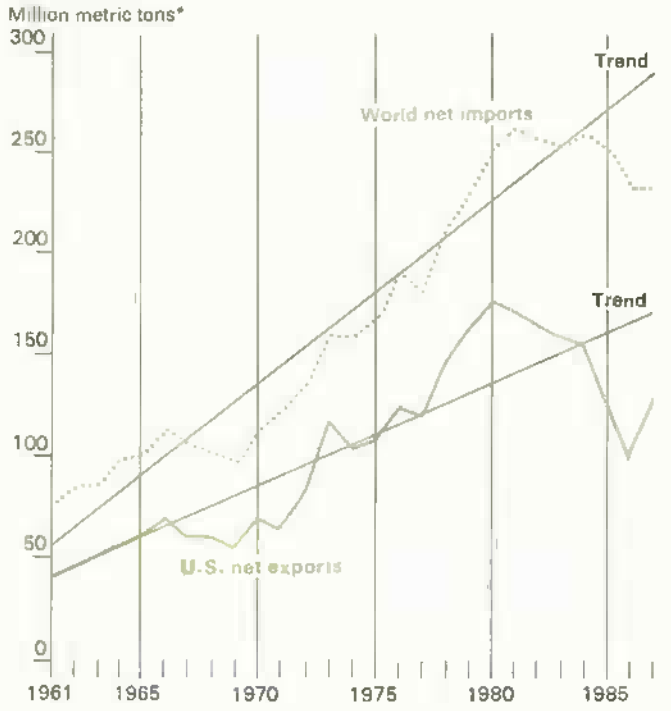
There is a subsequent high-income stage when food consumption patterns mature. While per capita income and consumption are high, consumers no longer use a large share of their increased income to buy more food.

In these higher-income countries, the tendency to generate sustained increases in agricultural production through technical change continues to raise agricultural productivity. When demand is high, the rate of growth in demand slows. Growth in production continues, so growth in imports levels off or declines. Supportive or protective agricultural policies are likely to be adopted. These countries may become exporters of foodstuffs in a final stage, when agricultural production continues to rise faster than domestic use, even as they import noncompetitive farm products to meet the diversified demands of their high-income populations.

The United States Accounts for Most Growth in Grain and Oilseed Exports



U.S. Exports Generally Mirror World Import Patterns



*Total grain and oilseeds were measured in wheat equivalents to overcome aggregation problems associated with changes in exchange and inflation rates, and the absence of consumer price data in many countries.

commodity stocks. The United States now holds over one-half of global wheat and coarse grain stocks. The United States and the EC are now using export subsidies to reduce their surpluses. When U.S. subsidies were low relative to those of the EC, U.S. products were less competitive. Subsidies can increase exports in the short term. In the long term, however, the cost of subsidies, especially if they result in a "subsidized trade war," could become very high.

A Few Countries Compete For Grain and Oilseed Exports

From the early 1960's to the early 1980's the United States obtained almost 70 percent of the growth in world grain and oilseed imports. Exports from the United States and seven other countries accounted for over 95 percent of the growth in world imports of grains and oilseeds during these two decades.

When the long-term historical trade pattern is extended to the year 2000, the same countries account for 95 percent of projected world trade growth. If the trend since the early 1960's continues, the U.S. share of growth would decline slightly from 62 to 57 percent, but the United States would still capture most of the growth. Four countries, Argentina, Canada, Thailand, and the United Kingdom, show small increases in their projected share of grain and oilseed exports. Three countries, France, Australia, and Brazil, show small decreases.

The major grain and oilseed exporting countries have highly productive, science-based agricultures, and can successfully compete in world agricultural markets. The challenge to the United States is to retain its market share.

A Few Countries Account for Most Import Growth

World imports of grains and oilseeds increased more than threefold between 1961 and 1983. Eighty-six percent of this growth was in 25 countries. Five countries accounted for 50 percent. When the long-term trade pattern is extended to the year 2000, growth in imports continues to be concentrated in a few countries. The same 25 countries that accounted for 86 percent of the 1961-83 growth in imports account for 85 percent of projected growth.

In one group of these mainly middle-income countries the future contribution to growth in world imports is expected to be greater than in the past; in the other group, including Japan, China, and the USSR, the projected contribution to growth is expected to decrease. China, however, has recently shown signs of import growth.

Assuming income grows as projected, the countries that are expected to increase import growth to the year 2000 are Mexico, Egypt, Taiwan, Iran, Nigeria, Saudi Arabia, Venezuela, Algeria, Iraq, Romania, Morocco, Malaysia, and possibly India. Their imports are expected to grow more rapidly in the future for two reasons. Consumers use a large share of their rapidly increasing incomes to buy more food, and the underdeveloped agricultural sectors of these countries cannot meet the rapidly growing domestic demand for food. This group's share of world import growth increased from 23 percent of imports in the historical period to 38 in the projection period.

The countries expected to contribute less to growth in imports in the future than they did in the past are the USSR, Japan, China, Spain, South Korea, Poland, Portugal, West Germany, Italy, Netherlands, East Germany, Belgium-Luxembourg, and possibly South Korea and China. The share of world import growth of this group dropped from 63 percent of imports in the historical period to 49 percent in the projection period.

Trade, Debt, and Economic Growth Shape Long-Term Import Picture

Three factors greatly influenced imports of grains and oilseeds during the 1970's and 1980's: real income growth, international debt of developing countries and some centrally planned economies, and the trade policies of the centrally planned countries. Changes in these factors stimulated growth in agricultural imports during the 1970's and depressed them during the 1980's.

The rapidly rising incomes of the industrial and developing countries during the 1970's increased demand for agricultural imports. The USSR and Eastern European countries increased their food supplies, especially animal products, to improve diets. This goal required large imports of coarse grains to feed livestock. When crop production was low due to bad weather during the food crisis of the 1970's, the policy was to increase food imports rather than tighten consumers' belts. China used trade, including agricultural imports, to further its development.

Then the world recession of 1980-82, and the associated debt crisis of the developing countries, changed the international market for agricultural products. The increase in oil

prices in 1979-80 contributed to a severe worldwide recession. Industrial countries' demand for developing-country products dropped and commodity prices declined. The developing countries found their balance of payments deteriorating, which reduced their capacity to service and repay debts. Much of the developing-country borrowing was short-term, variable-rate loans, so their difficulties were compounded when interest rates rose. This debt crisis forced many developing countries to limit imports and raise exports to obtain the additional foreign exchange needed for debt servicing. These actions reduced agricultural imports and created more competition for the remaining markets.

The extension of historical trade patterns to the year 2000 retains the USSR and Japan at the top of the list of importers of grains and oilseeds. These countries will continue to be large importers, but they are not projected to grow as rapidly as during 1961-83. The high-income countries of Western Europe will continue to be potentially important export markets for the United States, but their contribution to growth in world imports will continue to decline due to the maturing of their economies and increased domestic production.

The countries with increasing contributions to import growth tend to be middle-income countries with strong economic growth, countries whose growth is likely to stimulate consumption more than production. Capturing a significant share of these countries' growing agricultural imports may require that the United States help them resolve their economic development problems.

One of the developing-country growth constraints is access to international markets. With development, countries become more dependent on international trade. The growing import demands of developing countries, and the increasing burden of debt service, leave many developing countries with limited foreign exchange. Another constraint is that many developing countries cannot produce the investment goods needed to sustain economic growth, and must rely on imported investment goods.

How long-term economic and trade growth problems of developing countries are resolved will tell if these countries become growth markets. If low and middle income countries accelerate their economic growth, solve their debt problems, adjust their broader farm and nonfarm policies, and move into a stage of development associated with rapidly rising per capita food use, world agricultural trade will begin to grow quickly again. When it does, U.S. farmers will want to be competitive in world markets to maintain or increase their trade share. *[Lon Cesal (202) 786-1705. Also contributing to this article were: Mathew Shane, Thomas Vollrath, Marvin Yetley, and Gary Vocke.]*

Disparities in Parity

Parity for farmers is central to several bills introduced in Congress this year, and is the subject of several Congressional hearings this summer. The emphasis on free market prices in the 1985 Farm Act did not consign parity to the pages of history. It is still used to set price support levels for a few commodities, and to administer various marketing orders. In marketing orders, the parity price serves as a target for the ceiling on market prices.

Parity is a part of permanent farm legislation which seeks to balance the well-being of farmers with that of nonfarmers. Because it is in the permanent law, parity is an implicit alternative to every farm legislative proposal.

There is both a parity price concept and a parity income concept. A percentage of parity can be used as a price-supporting floor beneath the desired market prices for program commodities. Income parity is a much-cited goal of farm policy, but has not been used explicitly to administer programs.

Income parity means that farmers achieve the same standard of living as others in the economy. Price parity puts the purchasing power of a commodity unit at the same level that commodity had in 1910-14. Commodity units refer to bushels of wheat or corn, pounds of poultry or cotton, hundredweights of milk, and so forth.

At the heart of the parity discussion are two price series (table 4). One is the "parity index." This is an index (1910-14 base) of prices for goods and services farmers buy, wages paid hired labor, interest on farm real estate debt, and taxes on farm real estate. This is also called the "index of prices paid by farmers (1910-14 base)." The terms "parity index" and "index of prices paid" are used interchangeably.

There is a corresponding "index of prices received" (1910-14 base) by farmers for farm products.[1] The ratio of this index to the index of prices paid is the "parity ratio." In January 1987, the parity ratio stood at 50 percent before adjustment for commodity program and land diversion payments, and at 57 percent after adjustment.

The parity price for a commodity is the product of the parity index in the current month and the adjusted base price for the commodity. The adjusted base price of a commodity is defined as the ratio of the 10-year average price farmers received for the commodity to the 10-year average of the all-commodity prices-received index. These relationships make the parity price for every commodity a multiple of the 10-year average price for that commodity. That multiplier is the ratio of the current parity index to the 10-year average of the all-commodity prices-received index.

Income Depends on More Than Prices

The idea of maintaining a balance between the well-being of farm and nonfarm people through parity has been in farm legislation and policy for a half-century. But changes in the farm sector long ago made parity prices questionable indicators of farmers' well-being. Parity prices and the parity index indicate price relationships—how current prices relate to those in 1910-14. They do not directly indicate farmer well-being, net income, or production costs.

Structural and productivity changes are not reflected in the indexes. Farms are larger and more productive now. Corn yield per acre is 4 times that of 1910-14, and milk production per cow is more than 3 times the base-period level. The average corn farm produces more than 21 times as much corn as in 1910-14, and cotton farms produce 44 times the average in 1910-14.

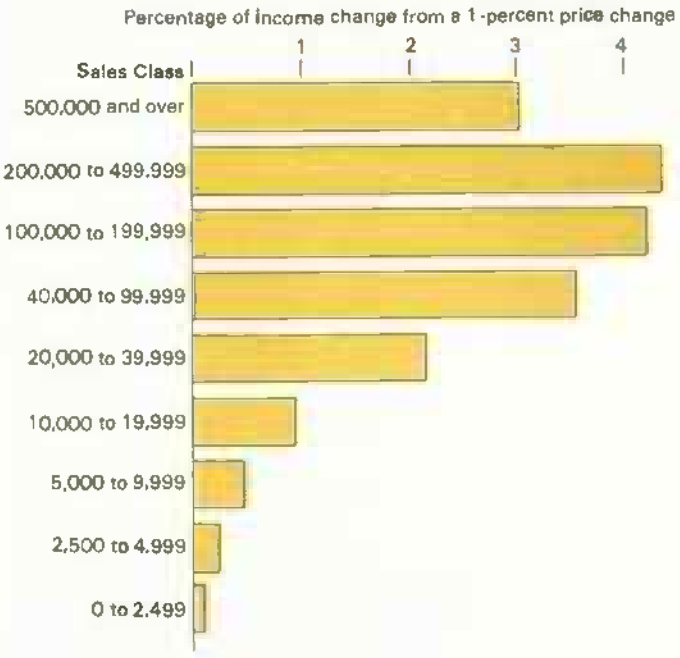
The number of farms and total farm employment, which remained fairly stable for the first half of the 20th century, now are each about one-third their 1945 level. A USDA productivity index combining all these factors indicates that the farm sector is more than 2.9 times as productive as it was in 1910-14. Farm productivity has increased more rapidly than nonfarm productivity for as long as both have been reported.

Multiplying the parity ratio by the productivity index would adjust parity for productivity gains. Such a ratio is called a "Single-Factorial Terms of Trade" index. The "single-factorial terms of trade" compares the output price with the prices of inputs used to produce one unit of output. Prices received relative to prices paid are now about half of what they were in 1910-14. But when adjusted for productivity, they are higher, not lower, than 1910-14, and now stand at about 150 percent of the 1910-14 level.

Increases in farm size and productivity offset a cost/price squeeze and can maintain farmers' profits. The incomes of farmers, particularly the larger and more efficient farmers who produce the bulk of the commodities, on average have exceeded the incomes of other families in the U.S. economy. Since 1963, the average household income of farm operators, including income from off-farm sources, has exceeded

[1] USDA also publishes indexes of prices paid and received by farmers, with a 1977 base. Unless the 1977 base is explicitly referred to, a discussion of parity refers to the 1910-14 based indexes of prices paid or prices received.

Large Farms' Incomes Respond More to Price Changes



the median income of U.S. families. In 1983, the average total income of farm operator families was 118 percent of the median income of U.S. families.

Some Farmers Earn More Than Parity Income While Others Earn Less

Income parity has, on average, been achieved by the farm sector. However, large farms have more than parity income while smaller farms have less. The total incomes of farms selling less than $100,000 of products in the 1980's have fallen short of the U.S. median family income. The greatest shortfalls occur mostly on farms with sales of $20,000 to $39,999. Legislating price changes to remedy these income shortfalls would give large income gains to large farmers, whose incomes already exceed that of the median family. For example, the 23-percent increase in prices received for all farm products, needed to overcome the income deficit in the $20,000-to-$39,999 sales class, would add more than $415,000 to the net income of the average farm in the $500,000-and-higher class.

One alternative to price support is a lump-sum direct payment of, say, $10,000 per farm. If all farms were eligible for the payment, such an income parity program would cost around $22 billion, comparable to the average cost of farm commodity programs under the 1985 Food Security Act in the President's Budget Baseline. Of the $22 billion, $3 billion would go to farms with sales greater than $100,000 per year, and about $10 billion would go to farms with less than $10,000 in sales per year.

Parity Measures Overestimate Actual Price Changes

Parity prices increase more rapidly than farm commodity prices. One upward bias is in the definition of the adjusted base price, which links parity prices to a 10-year moving average of commodity prices.

That linkage, introduced in 1948, is the ratio of the current parity index to the 10-year average of the index of prices

Parity Price Arithmetic

$$\text{Parity price of a commodity} = \frac{\text{Parity index} * \text{10-year average commodity price}}{\text{10-year average of prices-received index}}$$

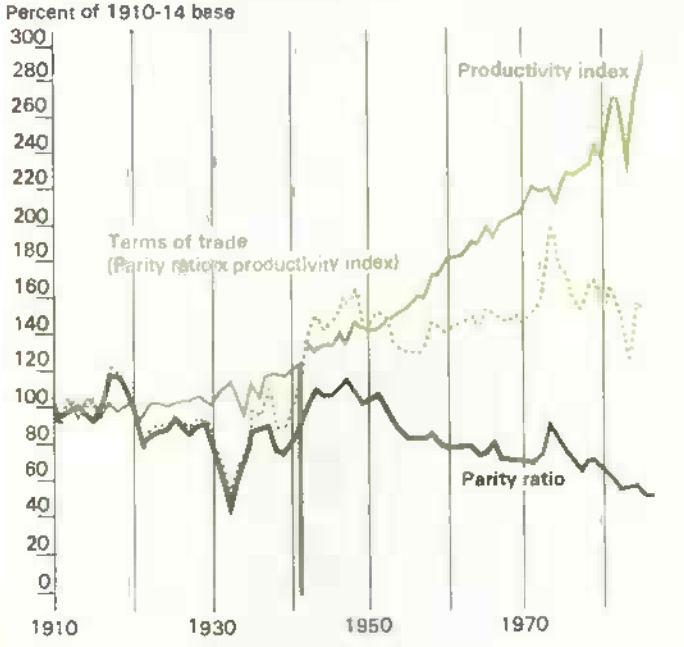
$$\text{Adjusted base price of a commodity} = \frac{\text{10-year average commodity price}}{\text{10-year average of prices-received index}}$$

$$\text{Parity price multiplier} = \frac{\text{Parity index}}{\text{10-year average of prices-received index}}$$

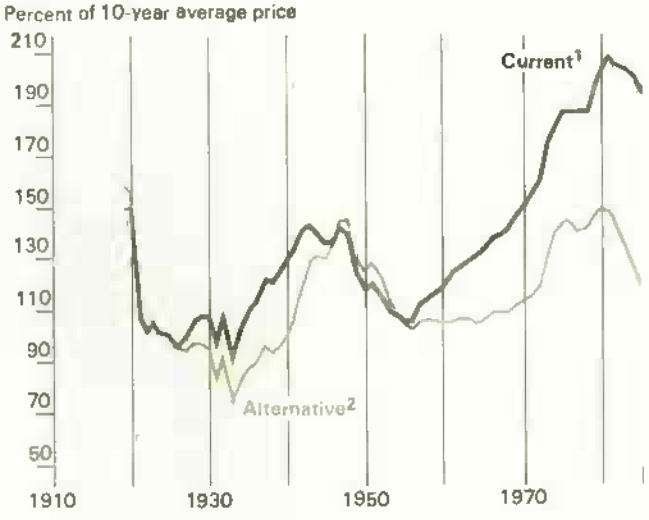
The parity price multiplier is the same for every commodity.

An alternative definition would use the 10-year average of the prices-paid (parity) index in each divisor, rather than the 10-year average of the prices-received index.

Rising Productivity Offsets Falling Parity Ratio



Using an Alternative Multiplier, Parity Prices Would Be Lower



[1]Under the current law defining the adjusted base price, the multiplier of the 10-year average price is the ratio of the current value of the parity index to the 10-year average of the prices received index.
[2]An alternative definition of the multiplier is the ratio of the current value of the parity index to the 10-year average of the parity index.

received. The parity index responds to different factors than the prices-received index. Consequently, the two change at different rates and seek different levels. If the adjusted base price was defined using the parity index instead of the prices-received index, this divergence would no longer affect the parity price computation. Instead, under this alternative definition, the difference between parity prices and market prices would be due to the current versus recent input price situation, such as could be expected when there is inflation. This change would reduce parity prices to 120 percent of the 10-year average commodity price in 1985, from 194 percent under the present definition.[2]

Interest and tax computation reflect expenses, not prices. A second upward bias in parity prices is due to the interest and tax concepts used in the parity index. Interest is calculated as payments per acre of farm real estate. Payments increase when the interest rate rises, but also when other non-interest factors change. Payments rise when the amount of land being mortgaged increases, when the downpayment fraction of land value decreases, and when the value of land being put under mortgage increases.

The interest component of the parity index now stands at 3,616 percent of the 1910-14 base, while farm interest rates are about 200 percent of 1910-14.

Similarly, taxes are calculated as property taxes per acre of farm real estate, and increase when many factors other than tax rates change. The tax component of the parity index reached a high of 2,165 percent of 1910-14 in 1986, while the parity index as a whole registered 1,097 at that time.

The 1948 definition of the parity index refers explicitly to interest rates, while the 1935 definition referred to interest payments per acre. The interest component of the parity

[2] The 1948 definition was chosen during the only period when parity prices under this alternative exceeded those enacted, 1947-56. After the WW-II price levels worked through the averages, about 1956, parity prices based on the 1948 definition began to significantly exceed those based on the alternative concept.

index continues to be calculated as payments per acre despite the 1948 change. Changing the interest concept to rates instead of payments would revise the overall parity index from recent levels of about 1,100 downward to between 900 and 1,000 percent of 1910-14.

Changing the tax, interest, and adjusted base price concepts used in calculating parity prices, and reflecting productivity gains in the indexes, would reduce parity prices. If these modifications were implemented, there would no longer be much practical difference between supports based on parity prices and supports set relative to moving average prices.

The balance sought by the original idea of parity was the well-being of farm people relative to nonfarm people. Prices need not be near historic parity levels for farm families to attain the living standard of the rest of society, because income depends on more than just prices. *[Lloyd D. Teigen (202) 786-1780]*

Statistical Indicators

Summary Data

Table 1.—Key Statistical Indicators of the Food & Fiber Sector

	1986				1987				
	II	III	IV	Annual	I	II	III F	IV F	Annual F
Prices received by farmers (1977=100)	121	124	122	123	122	128	124	--	123
Livestock & products	130	146	144	138	143	148	144	--	144
Crops	110	102	99	106	100	108	103	--	102
Prices paid by farmers. (1977=100)									
Prod. items	146	145	142	145	143	147	147	--	146
Commodities & services, int., taxes, & wages	161	161	158	159	159	162	162	--	161
Cash receipts ($ bil) 1/	131	132	149	136	124	124	128	--	128-130
Livestock ($ bil)	68	76	76	72	71	72	74	--	72-74
Crops ($ bil)	64	56	73	64	54	52	55	--	55-57
Market basket (1967=100)									
Retail cost	284	292	294	289	292	292	294	--	298
Farm value	222	244	243	234	232	234	237	--	236
Spread	320	319	324	321	327	330	330	--	335
Farm value/retail cost (%)	29	31	30	30	29	29	30	--	30
Retail prices (1967=100)									
Food	317	322	324	320	330	332	333	--	330-333
At home	302	308	310	305	316	316	317	--	316-320
Away-from home	359	362	366	360	370	374	378	--	374-380
Agricultural exports ($ bil) 2/	5.7	5.5	7.7	26.3	6.9	7.2	5.7	7.9	27.5
Agricultural imports ($ bil) 2/	5.4	5.0	5.1	20.9	5.3	5.0	4.6	4.8	20.0
Production: *									
Red meat (mil lb)	10,021	9,720	9,752	39,051	9,485	9,252	9,606	9,750	37,093
Poultry (mil lb)	4,536	4,684	4,603	17,929	4,533	4,940	5,170	5,030	19,673
Eggs (mil doz)	1,421	1,413	1,457	5,715	1,443	1,440	1,430	1,480	5,793
Milk (bil lb)	38.4	35.6	33.9	144.1	34.9	37.5	35.4	34.1	141.9
Consumption, per capita:									
Red meat and poultry (lbs)	54.1	53.9	55.1	214.3	52.4	52.7	54.3	55.9	215.3
Corn beginning stocks (mil bu) 3/	6,587.1	4,990.0	4,039.5	4,039.5	10,304.1	8,248.2	6,331.7	--	5,115.3
Corn use (mil bu) 3/	1,599.4	956.5	1,989.0	6,496.0	2,057.6	1,917.0	--	--	--
Prices: 4/									
Choice steers--Omaha ($/cwt)	54.52	58.91	60.36	57.75	60.46	68.60	63-67	60-66	62-66
Barrows and gilts--7 mkts. ($/cwt)	47.23	61.13	53.08	51.19	48.11	56.17	52-56	42-48	49-53
Broilers--12-city (cts/lb)	54.3	66.6	56.2	56.9	50.0	48.2	44-48	42-48	45-49
Eggs--NY Gr. A large (cts/doz)	63.4	72.8	74.0	71.1	64.8	58.9	60-64	64-70	61-65
Milk--all at plant ($/cwt)	11.97	12.37	13.33	12.52	12.90	12.03	12.30-12.60	12.90-13.50	12.50-12.75
Wheat--Kansas City HRW ($/bu)	3.22	2.50	2.65	2.93	2.80	2.88	--	--	--
Corn--Chicago ($/bu)	2.51	1.72	1.62	2.35	1.56	1.73	--	--	--
Soybeans--Chicago ($/bu)	5.32	4.90	4.86	5.11	4.87	5.14	--	--	--
Cotton--Avg. spot mkt. (cts/lb)	63.9	42.0	48.0	60.0	55.0	64.7	--	--	--

	1979	1980	1981	1982 R	1983 R	1984 R	1985 R	1986 P	1987 F
Gross cash income ($ bil)	135.1	143.3	146.0	150.5	150.4	155.3	156.6	153	148-150
Gross cash expenses ($ bil)	101.7	109.1	113.2	112.5	113.3	116.3	109.6	100	94-96
Net cash income ($ bil)	33.4	34.2	32.8	38.0	37.1	38.9	47.0	53	52-56
Net farm income ($ bil)	27.4	16.1	26.9	23.4	12.7	32.2	32.1	38	40-44
Farm real estate values (1977=100) 5/	125	145	158	157	148	146	128	112	103

1/ Quarterly data seasonally adjusted at annual rates. 2/ Annual data based on Oct.-Sept. fiscal years ending with year indicated. 3/ Dec.-Feb. first quarter; Mar.-May second quarter; June-Aug. third quarter; Sept.-Nov. fourth quarter; Sept.-Aug. annual. Use includes exports and domestic disappearance. 4/ Simple averages. 5/ As of February 1. F = Forecast. P = Preliminary. R = revised. * = commercial production.

Table 2.—U.S. Gross National Product & Related Data

	Annual			1986				1987
	1984	1985	1986	I	II	III	IV	I R
	$ billion (Quarterly data seasonally adjusted at annual rates)							
Gross national product	3,765.0	3,998.1	4,206.1	4,149.2	4,175.6	4,240.7	4,258.7	4,352.1
Personal consumption expenditures	2,428.2	2,600.5	2,762.5	2,697.9	2,732.0	2,799.8	2,820.4	2,850.4
Durable goods	331.2	359.3	388.1	360.8	373.9	414.5	403.1	383.0
Nondurable goods	870.1	905.1	932.7	929.7	928.4	932.8	940.1	960.3
Clothing & shoes	147.2	155.2	164.9	161.3	165.0	166.6	166.8	171.1
Food & beverages	449.9	469.3	492.8	484.6	490.3	494.0	502.1	509.0
Services	1,227.0	1,336.1	1,441.7	1,407.4	1,429.8	1,452.4	1,477.2	1,507.0
Gross private domestic investment	662.1	661.1	683.6	708.3	687.3	675.8	663.2	722.1
Fixed investment	598.0	650.0	677.0	664.4	672.8	680.3	690.3	677.9
Change in business inventories	64.1	11.1	6.7	43.8	14.5	-4.5	-27.1	44.2
Net exports of goods & services	-58.7	-78.9	-104.3	-93.7	-104.5	-108.9	-110 2	-107.9
Government purchases of goods & services	733.4	815.4	864.2	836.7	860.8	874.0	885.3	887.6
	1982 $ billion (Quarterly data seasonally adjusted at annual rates)							
Gross national product	3,489.9	3,585.2	3,674.9	3,655.9	3,661.4	3,686.4	3,696.1	3,739.4
Personal consumption expenditures	2,246.3	2,324.5	2,418.7	2,372.7	2,408.4	2,448.0	2,445.8	2,438.8
Durable goods	318.9	343.9	368.6	345.4	357.1	391.6	380.4	360.0
Nondurable goods	828.6	841.6	872.1	860.6	877.3	875.4	875.1	875.2
Clothing & shoes	142.7	146.0	155.6	152.4	157.1	157.7	155.3	157.7
Food & beverages	424.2	433.4	440.5	441.1	444.2	437.9	438.7	441.9
Services	1,098.7	1,139.0	1,178.0	1,166.6	1,174.0	1,181.0	1,190.2	1,203.6
Gross private domestic investment	652.0	647.7	657.2	684.0	664.7	651.3	629.0	684.2
Fixed investment	592.8	638.6	650.7	644.1	649.6	651.6	657.4	643.6
Change in business inventories	59.2	9.0	6.6	39.9	15.1	-0.3	-28 5	40.7
Net exports of goods & services	-83.6	-108.2	-147.8	-125.9	-153.9	-163.3	-148.0	-133.7
Government purchases of goods & services	675.2	721.2	746.8	725.2	742.2	750.4	769.3	750.1
GNP implicit price deflator % change	3.8	3.3	2.7	2.5	1.8	3.6	.7	4.2
Disposable personal income ($bil)	2,670.6	2,828.0	2,971.6	2,935.1	2,978.5	2,979.8	2,993.0	3,054.9
Disposable per. income (1982 $bil)	2,470.6	2,528 0	2,602.0	2,581.2	2,625.8	2,605.5	2,595.4	2,613.8
Per capita disposable per. income ($)	11,265	11,817	12,304	12,193	12,348	12,324	12,348	12,579
Per capita dis. per. income (1982 $)	10,421	10,563	10,773	10,723	10,886	10,776	10,708	10,762
U.S. population, total, incl. military abroad (mil)	237.1	239.3	241.5	240.9	241.3	241.9	242.5	243.0
Civilian population (mil)	234.9	237.0	239.4	238.5	239.1	239.6	240.2	240.7

	Annual			1986	1987			
	1984	1985	1986 P	May	Feb	Mar	Apr	May
	Monthly data seasonally adjusted							
Industrial production (1977=100)	121.4	123.8	125.1	124.2	127.2	127.3	127.2	127.8
Leading economic indicators (1967=100)	165.3	168.6	179.2	178.5	185.9	187.5	187.9	189.3
Civilian employment (mil. persons)	105.0	107.2	109.8	109.2	111.4	111.4	111.8	112.4
Civilian unemployment rate (%)	7.5	7 2	7.0	7.2	6.7	6.6	6.3	6.3
Personal income ($ bil annual rate)	3,110.2	3,314.5	3,485.7	3,481.3	3,597.2	3,609.1	3,622.1	3,630.0
Money stock-M2 (daily avg) ($bil) 1/	2,373.7	2,566.5	2,799.8	2,647.3	2,821.1	2,824.3	2,838.5	2,839.9
Three-month Treasury bill rate (%)	9.58	7.48	5.98	6.12	5.59	5.56	5.76	5.75
Aaa corporate bond yield (Moody's) (%)	12.71	11.37	9.02	9.09	8.38	8.36	8.65	9.33
Housing starts (thou) 2/	1,750	1,742	1,805	1,848	1,838	1,730	1,665	1,620
Auto sales at retail, total (mil)	10.4	11.0	11.5	11.4	9.9	10.1	10.5	9.8
Business inventory/sales ratio	1.48	1.50	1.54	1.57	1.49	1.49	1.50	--
Sales of all retail stores ($ bil)	107.5	115.0	121.2	119.6	124.2	124.6	124.8 p	124.0
Nondurable goods stores ($ bil)	68.5	71.8	73.8	73.5	76.9	76.7	76.8 p	77.2
Food stores ($ bil)	22.6	23.7	24.6	24.5	25.2	25.2	25.3 p	25.4
Eating & drinking places ($ bil)	10.4	11.1	12.1	11.9	13.1	12.8	12.7 p	12.8
Apparel & accessory stores ($ bil)	5.6	6.2	6.7	6.7	7.1	7.2	7.0 p	7.1

1/ Annual data as of December of the year listed. 2/ Private, including farm. P = preliminary. R = revised.

Information contact: James Malley (202) 786-1283.

Table 3.—Foreign Economic Growth, Inflation, & Export Earnings

	Average 1970-74	Average 1975-79	1980	1981	1982	1983	1984	1985	1986 P	1987 F
					Annual percent change					
Total foreign										
Real GNP	5.5	3.7	2.6	1.6	1.7	2.0	3.2	3.0	2.7	2.4
CPI	10.2	14.0	16.7	15.8	14.4	10.7	21.3	21.1	11.7	25.5
Export earnings	27.5	14.6	22.6	-2.2	-6.8	-2.5	5.6	1.4	12.4	11.3
Developed less U.S.										
Real GNP	4.8	3.1	2.3	1.3	1.1	1.9	3.4	3.3	2.4	2.2
CPI	8.4	9.4	10.9	9.6	8.1	6.1	5.1	4.7	2.8	2.8
Export earnings	23.9	14.9	17.0	-3.3	-4.2	-0.5	6.1	4.7	19.4	11.7
Centrally planned										
Real GNP	5.1	3.5	1.5	2.1	2.7	3.4	3.7	2.9	3.9	3.5
Export earnings	19.4	16.1	16.5	3.4	6.0	8.2	1.5	-5.1	1.8	7.6
Latin America										
Real GNP	7.4	5.1	5.3	0.7	-0.5	-2.7	3.3	3.6	3.3	1.0
CPI	23.5	53.7	61.3	64.9	72.6	126.2	174.3	179.2	90.9	238.5
Export earnings	28.1	12.8	30.1	4.8	-9.7	-0.1	7.7	-6.0	-14.8	3.5
Africa & Middle East										
Real GNP	8.9	6.4	1.3	0.0	1.4	0.1	1.1	0.3	-1.1	0.1
CPI	8.7	16.4	22.1	19.7	12.0	19.0	5.9	5.3	8.2	8.1
Export earnings	49.6	43.2	38.5	-7.0	-18.9	-17.2	-9.1	-9.4	-25.7	13.0
Asia										
Real GNP	6.0	6.8	6.3	6.6	3.6	6.6	5.4	3.9	4.9	5.1
CPI	13.0	8.4	16.4	14.1	7.3	7.7	9.5	5.4	5.0	5.7
Export earnings	30.1	19.4	27.3	5.0	-0.6	3.5	13.3	-1.7	7.4	10.7

P = preliminary. F = forecast.

Information contact: Timothy Baxter (202) 786-1688.

Farm Prices

Table 4.—Indexes of Prices Received & Paid by Farmers, U.S. Average

	Annual			1986	1987					
	1984	1985	1986	June	Jan	Feb	Mar	Apr	May R	June P
					1977=100					
Prices received										
All farm products	142	128	123	121	121	122	123	125	129	131
All crops	138	120	106	109	99	99	102	102	109	112
Food grains	144	133	109	98	100	102	102	103	105	96
Feed grains & hay	145	122	98	110	79	78	80	84	92	91
Feed grains	148	122	96	110	76	74	77	79	85	87
Cotton	108	93	91	97	84	79	83	87	107	119
Tobacco	153	153	138	142	130	131	131	130	130	130
Oil-bearing crops	109	84	77	78	72	72	72	74	78	81
Fruit, all	202	181	167	172	160	175	170	166	170	199
Fresh market 1/	220	192	175	180	166	182	177	173	178	212
Commercial vegetables	138	127	128	118	149	141	158	141	137	135
Fresh market	133	122	123	109	151	137	160	139	132	128
Potatoes & dry beans	157	124	114	119	126	126	132	143	174	177
Livestock & products	146	136	138	134	142	144	142	147	148	150
Meat animals	151	142	145	141	150	155	156	165	169	173
Dairy products	139	131	129	123	137	133	129	127	124	122
Poultry & eggs	135	119	128	121	118	115	111	112	107	104
Prices paid										
Commodities & services, interest, taxes, & wage rates	165	163	159	--	159	--	--	162	--	--
Production items	155	151	145	--	143	--	--	147	--	--
Feed	135	116	108	--	99	--	--	100	--	--
Feeder livestock	154	154	153	--	164	--	--	179	--	--
Seed	151	153	148	--	146	--	--	149	--	--
Fertilizer	143	135	124	--	116	--	--	117	--	--
Agricultural chemicals	128	128	127	--	126	--	--	123	--	--
Fuels & energy	201	201	162	--	158	--	--	164	--	--
Farm & motor supplies	147	146	144	--	146	--	--	145	--	--
Autos & trucks	182	193	198	--	196	--	--	210	--	--
Tractors & self-propelled machinery	181	178	174	--	172	--	--	174	--	--
Other machinery	180	183	184	--	181	--	--	186	--	--
Building & fencing	138	136	136	--	136	--	--	136	--	--
Farm services & cash rent	152	150	150	--	148	--	--	148	--	--
Interest payable per acre on farm real estate debt	257	238	213	--	207	--	--	207	--	--
Taxes payable per acre on farm real estate	132	133	134	--	136	--	--	136	--	--
Wage rates (seasonally adjusted)	151	154	160	--	159	--	--	159	--	--
Production items, interest, taxes, & wage rates	162	157	151	--	149	--	--	152	--	--
Ratio, prices received to prices paid 2/	86	79	77	76	76	77	77	77	80	81
Prices received (1910-14=100)	650	585	560	555	552	558	560	573	589	600
Prices paid, etc. (Parity index) (1910-14=100)	1,132	1,120	1,097	--	1,091	--	--	1,112	--	--
Parity ratio (1910-14=100) 2/	57	52	51	--	51	--	--	52	--	--

1/ Fresh market for noncitrus; fresh market and processing for citrus. 2/ Ratio of index of prices received for all farm products to index of prices paid for commodities and services, interest, taxes, and wage rates. Ratio derived using the most recent prices paid index. Prices paid data will be published in January, April, July, and October. P = preliminary. R = revised.

Information contact: National Agricultural Statistics Service (202) 447-5446.

Table 5.—Prices Received by Farmers, U.S. Average

	Annual*			1986	1987					
	1984	1985	1986	June	Jan	Feb	Mar	Apr	May R	June P
Crops										
All wheat ($/bu)	3.46	3.20	2.71	2.47	2.53	2.58	2.58	2.62	2.66	2.44
Rice, rough ($/cwt)	8.32	7.85	5.04	4.04	3.61	3.80	3.68	3.64	3.74	3.66
Corn ($/bu)	3.05	2.49	1.96	2.32	1.47	1.42	1.47	1.52	1.66	1.72
Sorghum ($/cwt)	4.60	3.97	3.11	3.43	2.37	2.36	2.45	2.58	2.69	2.81
All hay, baled ($/ton)	75.38	69.93	61.80	61.50	55.40	58.10	57.90	62.90	73.30	63.20
Soybeans ($/bu)	7.02	5.42	5.00	5.19	4.69	4.69	4.73	4.90	5.20	5.45
Cotton, Upland (cts/lb)	65.6	56.1	54.7	58.5	51.0	47.7	50.0	52.6	64.8	72.2
Potatoes ($/cwt)	5.69	3.92	4.94	4.75	4.82	4.91	5.28	5.91	7.45	7.53
Lettuce ($/cwt)	11.00	10.90	11.90	9.79	14.80	9.05	15.30	9.22	8.54	8.69
Tomatoes ($/cwt)	25.60	24.10	25.10	19.50	28.30	25.80	32.10	26.90	28.30	33.50
Onions ($/cwt)	11.70	9.97	9.80	10.70	16.90	16.70	19.40	26.30	23.10	15.90
Dry edible beans ($/cwt)	18.70	17.60	19.00	17.30	22.00	20.30	19.10	17.80	18.00	19.40
Apples for fresh use (cts/lb)	15.5	17.3	NA	21.1	17.9	19.5	19.6	19.4	21.4	25.7
Pears for fresh use ($/ton)	300.00	349.00	393.00	751.00	376.00	407.00	403.00	355.00	339.00	630.00
Oranges, all uses ($/box) 1/	5.95	7.41	4.18	4.27	4.24	4.75	4.79	4.94	5.26	6.22
Grapefruit, all uses ($/box) 1/	2.68	4.01	4.21	5.98	4.50	4.55	4.76	5.21	4.41	5.08
Livestock										
Beef cattle ($/cwt)	57.56	53.96	52.84	50.10	56.40	58.80	59.30	62.60	63.00	63.00
Calves ($/cwt)	60.23	62.40	60.89	58.10	66.40	70.60	72.50	75.10	77.30	78.10
Hogs ($/cwt)	47.61	43.88	50.10	52.60	47.20	48.20	47.40	50.80	54.40	59.70
Lambs ($/cwt)	60.33	68.07	69.10	74.00	76.60	76.00	80.80	86.10	90.10	87.70
All milk, sold to plants ($/cwt)	13.46	12.75	12.50	11.90	13.30	12.90	12.50	12.30	12.00	11.80
Milk, manuf. grade ($/cwt)	12.49	11.72	11.46	11.00	12.00	11.60	11.30	11.20	11.00	10.90
Broilers (cts/lb)	33.7	30.1	34.5	35.4	31.1	30.1	29.1	29.6	30.0	27.6
Eggs (cts/doz) 2/	70.3	57.4	60.3	50.8	59.3	58.3	54.4	55.6	50.1	50.9
Turkeys (cts/lb)	46.6	47.2	44.4	45.9	34.9	35.3	37.6	36.5	35.0	34.5
Wool (cts/lb) 3/	79.5	63.3	66.8	75.5	57.0	59.6	71.0	96.8	111.0	94.9

1/ Equivalent on-tree returns. 2/ Average of all eggs sold by producers including hatching eggs and eggs sold at retail. 3/ Average local market price, excluding incentive payments. *Calendar year averages, except for potatoes, dry edible beans, apples, oranges, and grapefruit, which are crop years. P = preliminary. R = revised NA = not available.

Information contact: National Agricultural Statistics Service (202) 447-5446.

Producer and Consumer Prices

Table 6.—Consumer Price Index for All Urban Consumers, U.S. Average (Not Seasonally Adjusted)

	Annual	1986				1987 1/				
	1986	May	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
					1967=100					
Consumer price index, all items	328.4	326.3	330.5	330.8	331.1	333.1	334.4	335.9	337.7	338.7
Consumer price index, less food	328.6	326.7	330.2	330.4	330.6	332.2	333.6	335.4	337.3	338.3
All food	319.7	317.0	323.7	324.6	325.2	328.9	330.1	330.0	331.0	332.5
Food away from home	360.1	358.8	364.0	365.8	367.1	368.6	369.6	370.9	371.5	372.3
Food at home	305.3	302.1	308.5	309.9	310.2	315.2	316.6	315.8	316.9	318.8
Meats 2/	273.9	262.1	283.9	285.4	286.3	288.6	285.3	286.4	286.9	291.8
Beef & veal	271.4	264.8	273.8	277.6	279.5	282.9	280.7	282.7	285.8	292.6
Pork	273.8	250.0	298.0	295.6	294.2	294.0	289.8	287.2	284.4	289.4
Poultry	232.7	218.7	247.8	245.2	241.9	238.4	237.0	234.1	231.1	230.5
Fish	443.2	437.1	451.6	449.7	457.6	478.0	479.9	487.4	488.7	486.6
Eggs	186.3	173.7	186.2	195.8	198.6	193.2	187.4	180.0	174.6	169.5
Dairy products 3/	258.4	257.1	260.0	261.2	262.2	263.3	264.7	263.7	263.2	264.3
Fats & oils 4/	287.8	287.2	284.6	285.4	286.0	293.2	290.3	294.6	291.8	293.3
Fresh fruit	369.3	385.5	375.1	360.6	355.8	389.1	406.7	403.9	417.8	431.8
Processed fruit 5/	163.3	163.5	162.0	162.0	163.1	165.7	166.3	167.5	168.4	170.5
Fresh vegetables	330.3	343.7	328.8	338.9	342.5	356.3	377.7	364.7	379.4	379.0
Potatoes	307.3	279.6	323.4	325.7	332.0	340.1	357.0	355.3	371.4	406.1
Processed vegetables 5/	147.4	147.4	146.2	146.5	147.4	150.2	148.5	152.1	150.6	151.2
Cereals & bakery products 5/	325.8	323.8	328.4	328.5	329.5	331.5	332.7	333.2	335.6	336.5
Sugar & sweets	411.1	411.2	413.4	412.4	411.8	415.8	415.8	417.2	417.4	417.7
Beverages, nonalcoholic	478.2	481.9	477.5	476.9	470.2	482.6	481.9	475.4	469.8	467.8
Apparel commodities less footwear	188.8	187.2	194.6	194.4	191.7	187.7	189.0	196.1	199.8	202.1
Footwear	211.2	211.5	215.1	215.1	214.0	209.9	211.0	216.5	219.2	220.8
Tobacco & smoking products	351.0	346.5	357.2	357.3	357.6	364.9	368.3	369.6	370.4	370.9
Beverages, alcoholic	239.7	238.4	240.6	240.5	240.8	242.5	243.2	243.6	244.3	245.0

1/ Beginning January 1987 the CPIs are calculated using 1982-84 expenditure patterns and updated population weights. The old series were based on 1972-73 expenditure patterns. 2/ Beef, veal, lamb, pork, and processed meat. 3/ Includes butter. 4/ Excludes butter. 5/ December 1977=100.

Information contact: Ralph Parlett (202) 786-1870.

Table 7.—Producer Price Indexes, U.S. Average (Not Seasonally Adjusted)

	Annual			1986		1987				
	1984	1985	1986 P	May	Dec	Jan R	Feb	Mar	Apr	May
	1967=100									
Finished goods 1/	291.1	293.7	289.6	288.9	290.4	291.8	292.3	292.3	295.0	296.3
Consumer foods	273.3	271.2	278.0	274.8	282.9	280.1	279.6	280.4	283.3	286.7
Fresh fruit	253.0	256.1	262.1	270.9	272.1	256.5	260.0	266.9	250.3	251.1
Fresh & dried vegetables	278.3	245.1	241.1	256.6	251.9	225.7	219.2	260.0	258.5	252.2
Dried fruit	386.6	363.5	377.4	371.6	385.0	383.6	384.8	384.9	384.9	384.9
Canned fruit & juice	312.4	323.1	315.1	315.2	320.9	322.5	321.6	324.7	321.4	324.5
Frozen fruit & juice	351.0	362.3	314.8	308.7	326.7	335.9	333.3	335.5	341.3	341.7
Fresh veg. excl. potatoes	219.1	205.9	204.0	238.7	206.1	174.9	167.1	213.2	209.8	193.8
Canned veg. and juices	252.6	246.9	245.1	244.6	247.2	247.1	247.8	256.8	256.4	251.3
Frozen vegetables	291.0	298.4	298.5	298.9	298.8	300.2	300.4	300.6	302.6	302.3
Potatoes	397.7	304.3	312.6	259.6	350.5	369.6	359.5	362.1	366.1	413.1
Eggs	210.8	171.0	177.9	162.1	194.0	176.9	175.6	160.3	161.0	150.9
Bakery products	299.1	313.7	321.3	320.4	321.0	321.9	320.7	322.0	321.8	323 2
Meats	236.8	227.9	235.2	225.5	244.0	238.4	237.0	234 4	250.6	265.0
Beef & veal	237.1	221 3	216.0	213.6	219.7	216.9	222.7	224.0	240.0	251.4
Pork	226.5	223.8	250.9	229.8	262.9	250.4	238.3	228.2	254 0	279.3
Processed poultry	206.0	197.3	207.8	192.5	204.9	197.0	189.5	187.4	188.8	192.9
Fish	476.0	484.2	530.4	513.5	559.3	589.1	632.9	610 8	581.7	640.0
Dairy products	251.7	249.4	248.8	246.9	254.1	253.5	252.8	252.6	252.5	250.7
Processed fruits & vegetables	294.3	296.3	287.9	286.3	292.5	294.4	294.4	298.5	298.7	297.5
Shortening & cooking oils	311.6	290.6	242.4	242.8	236.2	239.6	240.6	238.7	239.7	244.8
Consumer finished goods less foods	294.1	297.3	283.4	284.0	280.8	284.4	286.0	285.7	288.9	289.6
Beverages, alcoholic	209.8	213.0	217.8	221.5	218.0	217.1	218.4	218.6	220.5	219.5
Soft drinks	340.2	343.6	349.7	351.3	351.1	352.1	354.4	356.3	357.9	356 7
Apparel	201.3	204.1	206.5	206.8	207.4	207.9	207.4	208.6	208.9	209.0
Footwear	251.7	256.7	261.8	261.7	264.0	264.6	263.8	265.5	264.9	266.5
Tobacco products	398.4	428.1	460.4	451.7	469.2	487.1	487.5	487 5	487.5	487.5
Intermediate materials 2/	320.0	318.7	307.6	306.7	305.0	307.0	308.9	309.4	310.9	312.7
Materials for food manufacturing	271.1	258.8	250.9	248.7	253.2	251.1	250.6	250.0	255.3	261.5
Flour	185.2	183.0	173.4	188.6	165.0	165.2	168.8	169.1	171.1	177.4
Refined sugar 3/	173.5	165.6	166.4	165.1	169.4	168.6	169.1	169.2	171.3	170 8
Crude vegetable oils	262.2	219.6	135.8	142.6	122.4	127.4	129.9	131.3	129.1	144.6
Crude materials 4/	330.8	306.1	280.0	279.4	277.0	284.2	288.8	287.7	295.5	304.7
Foodstuffs & feedstuffs	259.5	235.0	230.6	229.9	233.5	227.6	229.2	229.1	239.4	251.3
Fruits & vegetables 5/	278.1	260.5	261.2	274.3	272.1	249.7	247.6	274.3	265.8	262.4
Grains	239.7	202.8	167.2	199.6	149.7	140.9	140.6	142.3	149 8	166.1
Livestock	251.8	229.9	236.1	229.2	246.4	240.0	245.3	245.9	267.1	280.5
Poultry, live	240.6	226.2	248.8	218.3	219.7	212.3	199 8	199.5	202.0	216.4
Fibers, plant & animal	228.4	197.8	179.3	215.5	176.7	192.3	188.9	182.4	199.6	220.6
Fluid milk	278.3	264.6	256.9	249.2	271.4	271.5	267.4	260.5	256.1	252 5
Oilseeds	253.3	202.7	196.2	201.0	196.4	202.2	201.5	199.8	206.7	223.5
Tobacco, leaf	274.6	274.1	243.0	248.4	230.8	229.1	230 8	230.8	229.1	229.1
Sugar, raw cane	312.0	291.3	292.2	288.8	294.5	299.7	304.8	305.9	307.1	308.1
All commodities	310.3	308.7	299.8	299.2	298.5	300.9	302.7	302.8	305.1	307.3
Industrial commodities	322.6	323.8	312.1	311.6	309.8	313.5	315.7	315.8	317.4	318.6
All foods 6/	269.2	264.5	268.4	265.4	273.0	269.9	269.7	270.3	273.3	277.7
Farm products & processed foods & feeds	262.4	250.5	252.0	250.8	254.7	251.6	251.9	251.9	257.0	263.6
Farm products	255.8	230.5	224.7	227.0	227.4	220.8	221.2	222.7	231.3	241.1
Processed foods & feeds 6/	265.0	260.4	265.1	262.3	268.2	266.8	267.1	266.4	269.8	274.7
Cereal & bakery products	270.5	279.9	281.8	283.1	279.4	279.6	280.1	281.5	282.0	284.2
Sugar & confectionery	301.2	291.0	295.7	294.0	299.7	298.8	297.1	298.7	300.3	301.2
Beverages	273.1	276.6	284.3	297.8	292.4	289.3	289.5	289.5	291.2	290.3

1/ Commodities ready for sale to ultimate consumer. 2/ Commodities requiring further processing to become finished goods. 3/ All types and sizes of refined sugar. (Dec. 1977=100). 4/ Products entering market for the first time which have not been manufactured at that point. 5/ Fresh and dried. 6/ Includes all raw, intermediate, and processed foods (excludes soft drinks, alcoholic beverages, and manufactured animal feeds) (1977=100). R = revised. P = preliminary.

Information contact: Bureau of Labor Statistics (202) 523-1913.

Table 8.—Farm-Retail Price Spreads

	Annual				1986		1987				
	1983	1984	1985	1986	May	Dec	Jan	Feb	Mar	Apr	May
Market basket 1/											
Retail cost (1967=100)	268.7	279.3	282.6	288.7	284.5	294.8	298.3	299.1	298.9	299.8	302.7
Farm value (1967=100)	242.3	255.4	237.2	234.1	224.4	241.3	232.0	234.2	236.5	240.1	247.3
Farm-retail spread (1967=100)	284.3	293.3	309.3	320.8	319.9	326.5	337.3	337.2	335.5	334.9	335.2
Farm value/retail cost (%)	33.4	33.9	31.1	30.0	29.2	30.3	28.8	28.0	29.3	29.7	30.2
Meat products											
Retail cost (1967=100)	267.2	268.1	265.5	273.9	262.1	286.3	288 3	285.3	286.1	285.5	291.5
Farm value (1967=100)	235.8	241.5	221.8	229.1	210.0	240.0	223.8	231.2	232.4	245.2	260.5
Farm-retail spread (1967=100)	304.0	299.1	316.6	326.2	323.2	340.5	363.9	348.6	349.0	332.6	327.8
Farm value/retail cost (%)	47.6	48.6	45.1	45.1	43.2	45.2	41 9	43.7	43.8	46.3	48.2
Dairy products											
Retail cost (1967=100)	250.0	253.2	258.0	258.4	257.1	262.2	263.2	264.3	263.2	263.0	263.7
Farm value (1967=100)	262.1	258.8	248.2	241.5	236.8	254.4	252.0	252.3	245.5	241.8	240 4
Farm-retail spread (1967=100)	238.3	248.3	266.5	273.3	274.9	269.0	273 0	274.8	278.7	281.6	284.2
Farm value/retail cost (%)	49.0	47.8	45.0	43.7	43.1	45.4	44.8	44.6	43.6	43.0	42.6
Poultry											
Retail cost (1967=100)	197.5	218.5	216.4	232.7	218.7	241.9	238.3	237.0	234.1	230.7	230.4
Farm value (1967=100)	213.0	249.9	234.9	255.4	229.2	228.4	221.7	216.7	214.6	215.8	216.0
Farm-retail spread (1967=100)	182.4	188.1	198.4	210.9	208.6	255.0	254.4	256.6	253 0	245.2	244.3
Farm value/retail cost (%)	53.1	56.3	53.4	54.0	51.5	46.4	45.8	45.0	45.1	46.0	46.1
Eggs											
Retail cost (1967=100)	187 1	208.0	174.3	186.3	173.7	198.6	193.5	187.2	180.3	175.0	169.9
Farm value (1967=100)	206.1	230.3	178.9	192.7	175.0	208.8	184.4	179.2	164.9	166.7	143.7
Farm-retail spread (1967=100)	159.5	178.2	167.6	177.1	171.8	183.9	206.5	198.8	202.6	187.0	207 8
Farm value/retail cost (%)	65.1	65.1	60 7	61.1	58.5	62.1	56 3	56.6	54.0	56.3	50.0
Cereal & bakery products											
Retail cost (1967=100)	292.5	305.3	317.0	325.8	323.8	329.5	331.2	332.3	332.9	335.0	335.6
Farm value (1967=100)	186.6	182.0	175.9	142.3	156.0	127.0	128 4	130.4	131.5	131.0	135.3
Farm-retail spread (1967=100)	314.0	328.7	346.2	363.7	358.5	371.4	373.2	374.1	374.6	377.2	377.1
Farm value/retail cost (%)	11.1	10.8	9.5	7.5	8.3	6.6	6.7	6.7	6.8	6.7	6.9
Fresh fruits											
Retail cost (1967=100)	303 6	345.3	383.5	390.1	400.5	378.8	412.2	427.1	429.2	442.1	464.4
Farm value (1967=100)	220.6	315.1	302.7	285.3	268.4	309.5	283.0	304.6	282.5	257.3	297.8
Farm-retail spread (1967=100)	340.8	358.9	418.8	437.1	459.8	411.3	470 2	482.0	495.1	525.1	539.2
Farm value/retail cost (%)	22.8	28.3	24.4	22.7	20.8	25.2	21.3	22.1	20 4	18.0	19.9
Fresh vegetables											
Retail costs (1967=100)	299.3	331.8	317.5	330.3	343 7	342.5	355.4	374.4	363.6	378.0	376.0
Farm value (1967=100)	267.4	298.7	256.7	247.8	298 3	240.8	310.9	266.9	298.8	301.5	293.4
Farm-retail spread (1967=100)	314.3	347.4	346.1	369.2	364.6	390.3	376.3	425.0	394.1	414.0	414.8
Farm value/retail cost (%)	28.6	28.8	25.9	24.0	27.8	27.0	28.0	22.8	26.3	25.5	25.0
Processed fruits & vegetables											
Retail cost (1967=100)	288.8	306.1	314.1	309.1	309.2	308.8	314.4	313.0	317.9	317.0	318.0
Farm value (1967=100)	300.5	343.5	378.5	326.3	318.5	344 3	356.7	363.4	369.5	365.6	366.3
Farm-retail spread (1967=100)	286.2	297.8	299.9	305.3	306.9	300.9	304.6	301.8	306.5	306.5	306.5
Farm value/retail costs (%)	18.9	20.3	21.8	19.1	18.7	20.2	20.7	21.0	21.1	20.8	20.8
Fats & oils											
Retail cost (1967=100)	283.1	288.0	294.4	287.8	287.2	286.0	293.4	289.9	293.8	291.4	292.8
Farm value (1967=100)	251.0	324.8	271.3	199.1	211.2	184.1	198.9	189.0	192.5	188.1	201.9
Farm-retail spread (1967=100)	267.8	273.8	303.3	321.9	316.4	325.2	329.8	328.7	332.9	331.3	327.8
Farm value/retail cost (%)	26.5	31.3	25.6	19.4	20.4	17.9	18.8	18.1	18.2	17.9	19.2

	Annual				1986		1987				
	1983	1984	1985	1986	May	Dec	Jan	Feb	Mar	Apr	May
Beef, Choice											
Retail price 2/ (cts/lb)	238.1	239.6	232.6	230.7	226.8	234.8	236.6	233.6	233.6	236.8	243.4
Net carcass value 3/ (cts)	145.4	147.6	135.2	133.1	129.7	136.3	134.0	137.5	139.5	150 9	159.9
Net farm value 4/ (cts)	136.2	140.0	126.8	124.4	120.4	128.3	125.7	131.7	133.4	143.7	150.8
Farm-retail spread (cts)	101.9	99.6	105.8	106.3	106.4	106.5	110.9	101.9	100.2	93.1	92.5
Carcass-retail spread 5/ (cts)	92.7	92.0	97.4	97.6	97.1	98.5	102.6	96.1	94.1	85.9	83.5
Farm-carcass spread 6/ (cts)	9.2	7.6	8.4	8.7	9.3	8.0	8.3	5.8	6.1	7.2	9.0
Farm value/retail price (%)	57	58	55	54	53	55	53	56	57	61	62
Pork											
Retail price 2/ (cts/lb)	169.8	162.0	162.0	178.4	162.3	181.3	188.1	185.6	181.3	178.8	183.7
Wholesale value 3/ (cts)	108.9	110.1	101.1	110.9	102.8	113.5	105.4	103 8	102.2	108.4	117.0
Net farm value 4/ (cts)	76.5	77.4	71.4	82.4	76.6	84.4	75.7	77.8	76.8	82.7	89.3
Farm-retail spread (cts)	93.3	84.6	90.6	96.0	85.7	109.9	112.4	107.8	104.5	96.2	94.4
Wholesale-retail spread 5/ (cts)	60.9	51.9	60.9	67.5	59.5	77.8	82.7	81.8	78.1	70.5	66.7
Farm-wholesale spread 6/ (cts)	32.4	32.7	29.7	28.5	26.2	32.1	29.7	26.0	25.4	25.7	27.7
Farm value/retail price (%)	45	48	44	46	47	43	40	42	42	46	49

1/ Retail costs are based on indexes of retail prices for domestically produced farm foods from the CPI-U published monthly by the Bureau of Labor Statistics. The farm value is the payment to farmers for quantity of farm product equivalent to retail unit, less allowance for byproduct. Farm values are based on prices at first point of sale and may include marketing charges such as grading and packing for some commodities. The farm-retail spread, the difference between the retail price and the farm value, represents charges for assembling, processing, transporting, and distributing these foods. 2/ Estimated weighted average price of retail cuts from pork and choice yield grade 3 beef carcasses. Retail cut prices from BLS. 3/ Value of carcass quantity (beef) and wholesale cuts (pork) equivalent to 1 lb. of retail cuts; beef adjusted for value of fat and bone byproducts. 4/ Market value to producer for quantity of live animal equivalent to 1 lb. of retail cuts minus value of byproducts. 5/ Represents charges for retailing and other marketing services such as fabricating, wholesaling, and in-city transportation. 6/ Represents charges made for livestock marketing, processing, and transportation to city where consumed.

Note: Annual historical data on farm-retail price spreads may be found in Food Consumption, Prices and Expenditures, Statistical Bulletin 736, ERS, USDA.

Information contacts: Denis Gunnam (202) 786-1870; Ron Gustafson (202) 786-1830.

Table 9.—Price Indexes of Food Marketing Costs

(See the June 1987 issue.)

Information contact: Denis Dunham (202) 786-1870

Livestock and Products

Table 10.—U.S. Meat Supply & Use

Item	Beg. stocks	Production 1/	Imports	Total supply	Exports	Shipments	Military consumption	Ending stocks	Civilian consumption: Total	Civilian consumption: Per capita 2/	Primary market price 3/
	Million pounds 4/									Pounds	
Beef:											
1984	325	23,598	1,823	25,746	329	47	112	358	24,900	78.5	65.34
1985	358	23,729	2,071	26,157	328	51	115	317	25,346	79.1	58.37
1986	317	24,371	2,129	26,817	521	52	110	311	25,823	79.8	57.75
1987 F	311	23,263	2,165	25,739	525	60	110	325	24,719	75.7	62-66
Pork:											
1984	301	14,812	954	16,067	164	147	86	274	15,396	61.8	48.86
1985	274	14,807	1,128	16,209	128	131	70	229	15,651	62.1	44.77
1986	229	14,063	1,122	15,414	86	132	73	187	14,927	58.6	51.19
1987 F	197	14,305	1,100	15,602	100	140	80	225	15,057	58.6	49-53
Veal:											
1984	9	495	24	528	6	1	4	14	503	1.8	60.24
1985	14	515	20	549	4	1	7	11	526	1.8	62.42
1986	11	524	27	562	5	1	6	7	543	1.9	60.89
1987 F	7	454	25	486	5	1	7	7	466	1.6	72-76
Lamb and mutton:											
1984	11	379	20	410	2	3	0	7	398	1.5	62.18
1985	7	358	36	401	1	2	0	13	385	1.4	68.61
1986	13	338	41	392	1	2	0	12	376	1.4	69.46
1987 F	12	316	43	371	2	1	0	8	360	1.3	79-83
Total red meat:											
1984	646	39,284	2,921	42,751	501	198	202	653	41,197	143.6	NA
1985	653	39,408	3,255	43,316	461	185	192	570	41,908	144.5	NA
1986	570	39,296	3,319	43,185	613	187	189	527	41,670	141.7	NA
1987 F	527	38,338	3,333	42,198	632	202	197	565	40,602	137.2	NA
Broilers:											
1984	21	13,016	0	13,038	407	145	34	20	12,432	52.9	55.6
1985	20	13,762	0	13,781	417	143	34	27	13,161	55.5	50.8
1986	27	14,316	0	14,342	566	149	35	24	13,568	56.7	56.9
1987 F	24	15,524	0	15,548	750	144	35	25	14,594	60.4	45-49
Mature chicken:											
1984	92	672	0	763	26	2	2	119	614	2.6	NA
1985	119	636	0	755	21	1	2	144	587	2.5	NA
1986	144	629	0	773	16	3	2	163	589	2.5	NA
1987 F	163	643	0	806	25	4	3	130	645	2.7	NA
Turkeys:											
1984	162	2,685	0	2,847	27	7	13	125	2,676	11.4	74.4
1985	125	2,942	0	3,067	27	7	13	150	2,970	12.1	75.5
1986	150	3,271	0	3,422	27	4	10	178	3,202	13.4	72.2
1987 F	178	3,825	0	4,003	25	3	16	300	3,659	15.1	55-59
Total poultry:											
1984	275	16,373	0	16,648	460	153	49	264	15,722	66.9	NA
1985	264	17,340	0	17,604	465	151	49	321	16,619	70.1	NA
1986	321	18,216	0	18,537	609	156	47	365	17,359	72.5	NA
1987 F	365	19,992	0	20,358	800	151	54	455	18,898	78.2	NA
Red meat & poultry:											
1984	921	55,657	2,821	59,399	961	351	251	917	56,919	210.5	NA
1985	917	56,748	3,255	60,920	926	336	241	891	58,526	214.6	NA
1986	891	57,512	3,319	61,722	1,222	343	236	892	59,029	214.3	NA
1987 F	892	58,330	3,333	62,555	1,432	353	251	1,020	59,500	215.3	NA

1/ Total including farm production for red meats and federally inspected plus non-federally inspected for poultry. 2/ Retail weight basis. 3/ Dollars per cwt for red meat; cents per pound for poultry. Beef: choice steers, Omaha 900-1,100 lbs.; pork: barrows and gilts, 7 markets; veal: farm price of calves; lamb and mutton: choice slaughter lambs, San Angelo; broilers: wholesale 12-city average; turkeys: wholesale NY 8-16 lb. young hens. 4/ Carcass weight for red meats and certified ready-to-cook for poultry.
NA = not available. F = forecast.

Information contact: Ron Gustafson, Leland Southard, or Mark Weimar (202) 786-1830.

Table 11.—U.S. Egg Supply & Use

	Beg. stocks	Production	Imports	Total supply	Exports	Shipments	Military use	Hatching use	Ending stocks	Civilian consumption: Total	Civilian consumption: Per capita	Wholesale price*
	Million dozen										No	Cts/doz
1982	17.5	5,801.9	2.5	5,821.8	158.2	26.7	22.4	505.6	20.3	5,088.6	265.1	70.1
1983	20.3	5,659.2	23.4	5,703.0	85.8	26.6	25.1	500.0	9.3	5,056.2	260.8	75.2
1984	8.3	5,708.2	32.0	5,749.5	58.2	27.8	17.6	529.7	11.1	5,105.1	260.9	80.9
1985	11.1	5,688.4	12.7	5,712.2	70.6	30.3	20.2	548.1	10.7	5,032.2	254.7	66.4
1986	10.7	5,715.0	13.7	5,739.4	101.6	28.0	17.5	565.9	10.4	5,016.1	251.5	71.1
1987 F	10.4	5,806.7	11.6	5,828.7	98.6	24.0	20.0	592.5	10.0	5,082.6	252.3	62-69

* = Cartoned Grade A large eggs in New York. F = forecast.
Information contact: Mark Weimar (202) 786-1830.

Table 12.—U.S. Milk Supply & Use[1]

Calendar year	Production	Farm use	Commercial: Farm marketings	Commercial: Beg. stocks	Commercial: Imports	Total commercial supply	CCC net removals	Commercial: Ending stocks	Commercial: Disappearance	All milk price 2/
	Billion pounds									$/cwt
1980	128.4	2.4	126.1	5.4	2.1	133.6	8.8	5.8	119.0	13.05
1981	132.8	2.3	130.5	5.8	2.3	138.5	12.9	5.4	120.3	13.77
1982	135.5	2.4	133.1	5.4	2.5	141.0	14.3	4.6	122.1	13.61
1983	139.7	2.4	137.3	4.6	2.6	144.5	16.8	5.2	122.5	13.58
1984	135.4	2.9	132.5	5.2	2.7	140.5	8.6	4.9	126.9	13.46
1985	143.1	2.5	140.7	4.9	2.8	148.4	13.2	4.6	130.6	12.75
1986 P	144.1	2.6	141.5	4.6	2.7	149.1	10.6	4.2	134.0	12.51
1987 F	142.0	2.6	139.4	4.2	2.7	146.3	5.0	4.4	136.9	12.60

1/ Milkfat basis. Totals may not add because of rounding. 2/ Delivered to plants and dealers; does not reflect deductions. P = preliminary. F = forecast.
Information contact: Jim Miller (202) 786-1830.

Table 13.—Poultry & Eggs

	Annual: 1984	Annual: 1985	Annual: 1986	1986: May	1986: Dec	1987: Jan	1987: Feb	1987: Mar	1987: Apr	1987: May
Broilers										
Federally inspected slaughter, certified (mil lb)	12,990.6	13,569.2	14,265.6	1,229.6	1,252.2	1,276.1	1,157.8	1,298.0	1,258.5	1,254.7
Wholesale price, 12-city, (cts/lb)	55.6	50.8	56.8	54.6	50.0	51.8	49.8	48.5	48.6	50.5
Price of grower feed ($/ton)	233	197	NA	NA	NA	174	NA	NA	163	NA
Broiler-feed price ratio 1/	2.8	3.1	NA	NA	NA	3.6	NA	NA	3.2	NA
Stocks beginning of period (mil lb)	21.2	18.7	26.6	22.3	22.5	23.8	27.2	23.5	25.5	26.9
Broiler-type chicks hatched (mil) 2/	4,593.9	4,803.8	5,013.3	438.6	437.3	439.6	406.2	457.2	454.3	471.2
Turkeys										
Federally inspected slaughter, certified (mil lb)	2,574	2,800	3,133	236.4	246.2	215.4	211.9	241.0	249.4	271.1
Wholesale price, New York, 8-16 lb. young hens (cts/lb)	74.4	75.5	72.2	67.1	71.1	55.3	58.5	60.3	58.3	58.7
Price of turkey grower feed ($/ton)	245	212	NA	NA	NA	210	NA	NA	209	NA
Turkey-feed price ratio 1/	3.8	4.4	NA	NA	NA	3.3	NA	NA	3.5	NA
Stocks beginning of period (mil lb)	161.8	125.3	150.2	188.9	249.0	178.2	198.3	211.4	228.7	249.2
Poults placed in U.S. (mil)	190.0	197.8	225.4	24.3	17.7	21.1	22.6	25.2	26.1	26.6
Eggs										
Farm production (mil)	68,498	68,261	68,579	5,798	5,962	5,921	5,354	6,033	5,790	5,830
Average number of layers (mil) 3/	278	277	278	229	235	237	236	236	233	231
Rate of lay (eggs per layer on farms)	245	247	247	21.1	21.2	20.9	18.9	21.4	20.8	21.1
Cartoned price, New York, grade A large (cts/doz) 4/	80.9	66.4	71.1	65.2	75.5	67.1	65.2	62.0	62.4	55.6
Price of laying feed ($/ton)	206	182	NA	NA	NA	164	NA	NA	167	NA
Egg-feed price ratio 1/	6.8	6.3	NA	NA	NA	7.2	NA	NA	6.4	NA
Stocks, first of month										
Shell (mil doz)	.39	.93	.72	.96	.87	.66	.60	.75	.96	.84
Frozen (mil doz)	8.9	10.2	10.0	9.5	9.9	9.8	10.9	10.2	11.0	10.0
Replacement chicks hatched (mil)	459	407	425	42.5	33.3	34.2	35.2	42.3	42.1	41.4

1/ Pounds of feed equal in value to 1 dozen eggs or 1 lb. of broiler or turkey liveweight. 2/ Placement of broiler chicks are currently reported for 12 states only; henceforth, hatch of broiler-type chicks will be used as a substitute. 3/ Monthly data only available for 20 states. 4/ Price of cartoned eggs to volume buyers for delivery to retailers. NA = not available.
Information contact: Mark Weimar (202) 786-1830.

Table 14.—Dairy

	Annual			1986		1987				
	1984	1985	1986	May	Dec	Jan	Feb	Mar	Apr	May
Milk prices, Minnesota-Wisconsin, 3.5% fat ($/cwt) 1/	12.29	11.48	11.30	10.98	11.88	11.70	11.27	11.03	11.00	11.00
Wholesale prices										
Butter, Grade A Chi. (cts/lb)	148.8	141.1	144.5	138.8	145.5	137.3	136.7	137.8	138.8	138.4
Am. cheese, Wis. assembly pt. (cts/lb)	138.0	127.7	127.3	126.0	130.4	127.7	122.5	122.2	122.4	122.0
Nonfat dry milk, (cts/lb) 2/	90.9	84.0	80.6	80.4	81.4	82.0	79.0	78.9	79.0	79.1
USDA net removals										
Total milk equiv. (mil lb) 3/	8,637.0	13,174.1	10,628.1	1,425.8	390.1	1,201.3	862.8	646.5	598.8	518.4
Butter (mil lb)	202.3	334.2	287.6	39.0	9.6	45.1	31.1	16.9	13.6	14.0
Am. cheese (mil lb)	447.3	629.0	468.4	62.4	19.0	26.7	21.8	29.9	32.0	23.2
Nonfat dry milk (mil lb)	678.4	940.6	827.3	99.9	46.8	49.9	41.2	57.7	61.0	58.8
Milk										
Milk prod. 21 states (mil lb)	114,545	121,043	122,185	11,213	9,717	9,932	9,279	10,376	10,378	10,957
Milk per cow (lb)	12,691	13,160	13,445	1,224	1,095	1,123	1,052	1,180	1,182	1,249
Number of milk cows (thou)	9,026	9,198	9,088	9,160	8,873	8,845	8,818	8,792	8,780	8,772
U.S. milk production (mil lb)	135,450	143,147	144,080	6/13,211	6/11,430	6/11,683	6/10,933	6/12,261	6/12,275	6/12,905
Stock, beginning										
Total (mil lb)	22,646	16,704	13,695	16,237	13,994	12,867	12,939	13,071	13,319	13,101
Commercial (mil lb)	5,234	4,937	4,590	5,061	4,342	4,165	4,480	4,363	4,446	4,813
Government (mil lb)	17,412	11,767	9,105	11,176	9,652	8,702	8,459	8,709	8,873	8,288
Imports, total (mil lb) 3/	2,741	2,777	2,733	175	324	200	151	195	167	NA
Commercial disappearance milk equiv. (mil lb)	126,812	130,640	134,049	11,663	11,324	10,150	10,141	11,512	11,266	NA
Butter										
Production (mil lb)	1,103.3	1,247.8	1,202.4	114.7	101.3	109.2	97.8	107.6	104.2	101.7
Stocks, beginning (mil lb)	499.4	296.5	205.5	304.9	218.5	193.0	202.6	231.6	254.0	247.9
Commercial disappearance (mil lb)	902.7	918.2	922.9	74.8	94.4	59.0	72.1	91.5	86.3	NA
American cheese										
Production (mil lb)	2,648.5	2,855.2	2,798.2	281.9	217.7	219.5	211.2	238.7	246.0	264.3
Stocks, beginning (mil lb)	1,161.5	960.5	850.2	857.6	770.8	697.1	674.2	635.3	614.8	603.5
Commercial disappearance (mil lb)	2,253.6	2,279.1	2,382.8	207.7	211.7	177.9	189.4	200.4	190.1	NA
Other cheese										
Production (mil lb)	2,025.5	2,225.7	2,411.0	200.5	221.7	194.0	189.7	217.2	212.4	220.4
Stocks, beginning (mil lb)	104.9	101.4	94.1	95.6	91.5	92.0	93.5	88.1	89.4	91.8
Commercial disappearance (mil lb)	2,310.9	2,515.7	2,684.9	220.2	254.4	206.1	209.9	237.1	225.4	NA
Nonfat dry milk										
Production (mil lb)	1,160.7	1,390.0	1,284.1	147.4	89.4	82.1	80.3	87.8	101.4	118.6
Stocks, beginning (mil lb)	1,405.2	1,247.6	1,011.1	965.7	742.6	686.8	596.6	559.7	512.8	460.8
Commercial disappearance (mil lb)	497.8	435.0	479.1	41.6	28.8	34.8	28.4	36.2	35.8	NA
Frozen dessert										
Production (mil gal) 4/	1,241.8	1,251.0	1,248.6	121.6	80.1	79.9	90.0	107.5	113.0	118.8

	Annual			1985	1986				1987	
	1984	1985	1986	IV	I	II	III	IV	I	II P
Milk production (mil lb)	135,450	143,147	144,080	35,424	36,172	38,350	35,610	33,947	34,877	37,400
Milk per cow (lb)	12,506	12,994	13,293	3,174	3,251	3,505	3,327	3,208	3,328	3,580
No. of milk cows (thou)	10,833	11,016	10,839	11,162	11,126	10,943	10,703	10,583	10,481	10,440
Milk-feed price ratio 5/	1.59	1.72	1.73	1.76	1.73	1.64	1.72	1.91	1.88	1.75
Returns over concentrate costs ($/cwt milk) 5/	9.52	9.54	9.23	9.61	9.40	8.55	8.97	10.10	9.82	8.94

1/ Manufacturing grade milk. 2/ Prices paid f.o.b. Central States production area, high heat spray process. 3/ Milk-equivalent, fat-basis. 4/ Ice cream, ice milk, and hard sherbet. 5/ Based on average milk price after adjustment for price-support deductions. 6/ Estimated. P = preliminary. NA = not available. Information contact: Jim Miller (202) 786-1830

Table 15.—Wool

	Annual			1986		1987				
	1984	1985	1986	May	Dec	Jan	Feb	Mar	Apr	May
U.S. wool price, Boston 1/ (cts/lb)	229	192	191	198	180	193	202	216	260	270
Imported wool price, Boston 2/ (cts/lb)	241	197	201	216	208	211	212	234	248	250
U.S. mill consumption, scoured										
Apparel wool (thou lb)	128,982	106,051	126,768	10,210	10,109	10,618	11,736	14,426	11,608	11,298
Carpet wool (thou lb)	13,088	10,562	9,960	888	534	709	811	1,308	1,209	1,190

1/ Wool price delivered at U.S. mills, clean basis, Graded Territory 64's (20.60-22.04 microns) staple 2-3/4'' and up. 2/ Wool price delivered at U.S. mills, clean basis, Australian 60/62's, type 64A (24 micron). Duty since 1982 has been 10.0 cents.

Information contact: John Lawler (202) 786-1840.

Table 16.—Meat Animals

	Annual			1986		1987				
	1984	1985	1986	May	Dec	Jan	Feb	Mar	Apr	May
Cattle on feed (7-States)										
Number on feed (thou head) 1/	8,006	8,635	7,920	7,107	7,826	7,633	7,294	7,143	7,222	7,233
Placed on feed (thou head)	20,772	19,346	20,005	1,756	1,405	1,561	1,427	1,754	1,726	1,954
Marketings (thou head)	18,785	18,989	19,243	1,635	1,494	1,773	1,473	1,586	1,581	1,524
Other disappearance (thou head)	1,376	1,132	1,049	132	104	127	105	89	134	143
Beef steer-corn price ratio, Omaha 2/	21.6	23.3	31.0	22.8	38.9	40.5	44.0	41.6	42.4	40.1
Hog-corn price ratio, Omaha 2/	16.1	17.8	27.8	19.5	33.4	32.7	35.1	32.6	32.7	31.6
Market prices ($ per cwt)										
Slaughter cattle:										
Choice steers, Omaha	65.34	58.37	57.75	55.78	59.82	58.79	61.02	61.58	66.30	70.66
Utility cows, Omaha	39.81	38.32	37.19	37.91	35.48	39.79	42.29	45.01	44.23	44.36
Choice vealers, S. St. Paul	63.95	58.28	59.92	55.83	67.50	65.94	68.28	70.00	75.00	90.00
Feeder cattle:										
Choice, Kansas City, 600-700 lb.	65.28	64.56	62.79	60.40	65.00	69.00	71.38	71.13	72.90	73.38
Slaughter hogs:										
Barrows & gilts, 7-markets	48.86	44.77	51.19	46.91	51.42	47.39	48.73	48.22	51.85	55.58
Feeder pigs:										
S. Mo. 40-50 lb. (per head)	39.12	37.20	45.62	39.97	47.69	47.00	53.96	54.98	56.00	51.66
Slaughter sheep & lambs:										
Lambs, Choice, San Angelo	62.18	68.61	69.46	72.16	73.33	78.56	75.75	79.83	93.12	94.50
Ewes, Good, San Angelo	20.90	34.02	34.78	33.94	38.00	39.81	41.25	34.88	39.05	36.25
Feeder lambs:										
Choice, San Angelo	61.02	85.91	73.14	84.22	89.92	95.88	99.50	108.50	109.40	112.62
Wholesale meat prices, Midwest										
Choice steer beef, 600-700 lb.	98.01	90.76	88.98	86.42	92.04	89.70	91.69	92.86	100.56	107.80
Canner & Cutter cow beef	74.70	74.13	71.31	71.39	69.58	77.92	80.89	84.58	82.19	82.05
Pork loins, 8-14 lb. 3/	96.36	91.51	104.78	102.53	102.30	98.29	99.40	93.25	102.21	120.77
Pork bellies, 12-14 lb.	60.08	59.50	65.82	61.82	64.72	66.32	57.81	60.02	65.79	67.21
Hams, skinned, 14-17 lb.	78.22	67.50	80.01	64.89	87.43	65.75	65.43	71.97	72.66	70.98
Commercial slaughter (thou head)*										
Cattle	37,582	36,293	37,292	3,234	3,076	3,199	2,662	2,904	2,971	2,872
Steers	17,474	16,912	17,519	1,505	1,399	1,531	1,284	1,413	1,523	1,438
Heifers	10,691	11,237	11,098	971	875	1,006	824	892	855	852
Cows	8,617	7,387	7,960	683	746	608	502	541	534	522
Bulls & stags	789	758	715	65	55	55	51	58	59	60
Calves	3,297	3,385	3,407	276	289	263	239	266	228	202
Sheep & lambs	6,759	6,165	5,632	432	454	428	400	442	496	373
Hogs	85,168	84,492	79,504	6,898	6,796	6,817	6,055	6,966	6,665	6,078
Commercial production (mil lb)										
Beef	23,418	23,557	24,215	2,109	1,971	2,102	1,747	1,907	1,928	1,851
Veal	479	499	510	43	41	39	36	38	34	32
Lamb & mutton	371	352	330	25	27	25	24	27	29	22
Pork	14,720	14,728	13,983	1,211	1,220	1,244	1,070	1,226	1,169	1,070

	Annual			1986				1987		
	1984	1985	1986	I	II	III	IV	I	II	III
Cattle on feed (13-States)										
Number on feed (thou head) 1/	9,908	10,653	9,754	9,754	8,945	7,870	8,197	9,235	---	---
Placed on feed (thou head)	24,917	23,326	23,549	5,270	5,221	6,336	6,726	5,700	---	---
Marketings (thou head)	22,540	22,887	22,836	5,763	5,821	5,876	5,376	5,767	5/5,437	---
Other disappearance (thou head)	1,632	1,398	1,236	316	375	233	312	371	---	---
Hogs & pigs (10-States) 4/										
Inventory (thou head) 1/	42,420	41,100	39,670	41,100	38,210	37,845	39,335	39,870	39,235	41,080
Breeding (thou head) 1/	5,348	5,258	5,050	5,258	4,948	4,840	4,840	5,155	5,230	5,330
Market (thou head) 1/	37,072	35,842	34,620	35,842	33,262	33,005	34,495	34,715	34,005	35,750
Farrowings (thou head)	9,020	8,831	8,208	1,863	2,161	2,034	2,150	1,957	2,337	5/2,217
Pig Crop (thou head)	67,680	67,648	63,714	14,254	16,878	15,853	16,729	15,156	18,485	---

1/ Beginning of period. 2/ Bushels of corn equal in value to 100 pounds live-weight. 3/ Beginning January 1984 prices are for 14-17 lbs.; January 1986 prices are for 14-18 lbs. 4/ Quarters are Dec. of preceding year-Feb. (I), Mar.-May (II), June-Aug. (III), and Sept.-Nov. (IV). 5/ Intentions. *Classes estimated.

Information contact: Ron Gustafson or Leland Southard (202) 786-1830.

Table 17.—Supply & Utilization[1,2]

	Area											
	Set aside 3/	Planted	Harvested	Yield	Production	Total supply 4/	Feed and residual	Other domestic use	Exports	Total use	Ending stocks	Farm price 5/
	Mil. acres			Bu/acre	Mil. bu							$/bu
Wheat												
1982/83	5.8	86.2	77.9	35.5	2,765	3,932	185	743	1,509	2,417	1,515	3.45
1983/84	30.0	76.4	61.4	39.4	2,420	3,939	369	742	1,429	2,540	1,399	3.51
1984/85	18.6	79.2	66.9	38.8	2,595	4,003	405	749	1,424	2,578	1,425	3.39
1985/86*	18.8	75.6	64.7	37.5	2,425	3,866	275	771	915	1,960	1,905	3.08
1986/87*	20.5	72.0	60.7	34.4	2,087	4,012	398	784	1,015	2,197	1,815	2.42
1987/88*	--	--	--	--	2,135	3,965	175	795	1,225	2,195	1,770	2.30-2.60
	Mil. acres			lb/acre	Mil. cwt (rough equiv.)							$/cwt
Rice												
1982/83	0.42	3.30	3.26	4,710	153.6	203.4	--	6/62.9	68.9	131.8	71.5	7.91
1983/84	1.74	2.19	2.17	4,598	99.7	171.9	--	6/54.7	70.3	125.0	46.9	8.57
1984/85	.79	2.83	2.80	4,954	138.8	187.3	--	6/60.5	62.1	122.6	64.7	8.04
1985/86*	1.24	2.51	2.49	5,414	134.8	201.8	--	6/65.8	58.7	124.5	77.3	6.53
1986/87*	1.26	2.40	2.38	5,648	134.4	214.0	--	6/76.0	80.0	156.0	58.0	3.85
1987/88*	--	--	--	--	136.0	196.3	--	6/80.0	78.0	158.0	38.3	3.60-4.40
	Mil. acres			Bu/acre	Mil. bu							$/bu
Corn												
1982/83	2.1	81.9	72.7	113.2	8,235	10,772	4,521	884	1,834	7,249	3,523	2.55
1983/84	32.2	60.2	51.5	81.1	4,175	7,700	3,818	975	1,901	6,694	1,006	3.21
1984/85	3.9	80.5	71.9	106.7	7,674	8,684	4,079	1,091	1,865	7,036	1,648	2.63
1985/86*	5.4	83.4	75.2	118.0	8,877	10,536	4,095	1,160	1,241	6,496	4,040	2.23
1986/87*	11.9	76.7	69.2	119.3	8,253	12,295	4,650	1,191	1,500	7,341	4,954	1.55
1987/88*	--	--	--	--	7,150	12,109	4,700	1,200	1,600	7,500	4,609	1.70-2.00
	Mil. acres			Bu/acre	Mil. bu							$/bu
Sorghum												
1982/83	0.7	16.0	14.1	59.1	835	1,154	495	10	210	715	439	2.47
1983/84	5.7	11.9	10.0	48.7	488	927	385	10	245	640	287	2.74
1984/85	.6	17.3	15.4	56.4	866	1,154	539	18	297	854	300	2.32
1985/86*	.9	18.3	16.8	66.8	1,120	1,420	664	28	178	869	551	1.93
1986/87*	2.0	15.3	13.9	67.7	942	1,493	525	16	200	741	752	1.40
1987/88*	--	--	--	--	675	1,427	525	30	225	780	647	1.55-1.85
	Mil. acres			Bu/acre	Mil. bu							$/bu
Barley												
1982/83	0.4	9.5	9.0	57.2	516	675	241	170	47	458	217	2.18
1983/84	1.1	10.4	9.7	52.3	509	733	282	170	92	544	189	2.47
1984/85	.5	12.0	11.2	53.4	599	799	304	170	77	551	247	2.29
1985/86*	.7	13.2	11.6	51.0	591	848	333	169	22	523	325	1.98
1986/87*	1.6	13.1	12.0	50.8	610	944	298	174	135	607	336	1.61
1987/88*	--	--	--	--	540	881	305	175	125	605	261	1.50-1.70
	Mil. acres			Bu/acre	Mil. bu							$/bu
Oats												
1982/83	0.1	14.0	10.3	57.8	593	749	441	85	3	529	220	1.49
1983/84	.3	20.3	9.1	52.6	477	727	466	78	2	546	181	1.62
1984/85	.1	12.4	8.2	58.0	474	689	433	74	1	508	180	1.67
1985/86*	.1	13.3	8.2	63.7	521	728	460	82	2	544	184	1.23
1986/87*	0.3	14.7	6.9	56.0	385	603	382	85	2	470	133	1.21
1987/88*	--	--	--	--	410	578	375	85	2	462	116	1.20-1.60
	Mil. acres			Bu/acre	Mil. bu							$/bu
Soybeans												
1982/83	0	70.9	69.4	31.5	2,190	2,444	7/86	1,108	905	2,099	345	6.69
1983/84	0	63.8	62.5	26.2	1,636	1,981	7/79	983	743	1,805	176	7.83
1984/85	0	67.8	66.1	28.1	1,861	2,037	7/93	1,030	598	1,721	316	5.84
1985/86*	0	63.1	61.6	34.1	2,099	2,415	7/86	1,053	740	1,879	536	5.05
1986/87*	0	61.5	59.4	33.8	2,007	2,543	7/118	1,165	700	1,963	560	4.80
1987/88*	--	--	--	--	1,900	2,460	7/90	1,175	650	1,915	545	4.70-5.00
					Mil. lbs							8/ ¢/lb
Soybean oil												
1982/83	--	--	--	--	12,041	13,144	--	9,858	2,025	11,883	1,261	20.6
1983/84	--	--	--	--	10,872	12,133	--	9,588	1,824	11,412	721	30.6
1984/85	--	--	--	--	11,468	12,209	--	9,917	1,660	11,577	632	29.5
1985/86*	--	--	--	--	11,647	12,257	--	10,053	1,257	11,310	947	18.0
1986/87*	--	--	--	--	12,703	13,650	--	10,600	1,100	11,700	1,950	15.0
1987/88*	--	--	--	--	12,750	14,700	--	11,000	1,500	12,500	2,200	12.0-16.0
					Thou. tons							9/ $/ton
Soybean meal												
1982/83	--	--	--	--	26,714	26,889	--	18,306	7,109	26,415	474	187
1983/84	--	--	--	--	22,756	23,230	--	17,615	5,360	22,975	255	188
1984/85	--	--	--	--	24,529	24,784	--	19,480	4,917	24,397	387	125
1985/86*	--	--	--	--	24,951	25,338	--	19,090	6,036	25,126	212	155
1986/87*	--	--	--	--	27,553	27,765	--	20,250	7,250	27,500	265	160
1987/88*	--	--	--	--	27,700	27,965	--	21,000	6,700	27,700	265	150-170

See footnotes at end of table.

Table 17.— Supply & Utilization, continued

	Area						Feed and residual	Other domestic use	Exports	Total use	Ending stocks	Farm price 5/
	Set aside 3/	Planted	Harvested	Yield	Production	Total supply 4/						
		Mil. acres		lb/acre				Mil. bales				¢/lb
Cotton 10/												
1982/83	1.6	11.3	9.7	590	12.0	18.6	--	5.5	5.2	10.7	7.8	59.5
1983/84	6.8	7.9	7.3	508	7.8	15.7	--	5.9	6.8	12.7	2.8	65.3
1984/85	2.5	11.1	10.4	600	13.0	15.8	--	5.5	6.2	11.8	4.1	58.7
1985/86*	3.6	10.7	10.2	630	13.4	17.6	--	6.4	2.0	8.4	9.4	56.5
1986/87*	3.6	10.0	8.5	552	9.7	19.1	--	7.3	6.7	14.0	5.2	52.2
1987/88*	--	--	--	--	12.0	17.2	--	7.2	6.5	13.7	3.6	--

*July 8, 1987 Supply and Demand Estimates. 1/ Marketing year beginning June 1 for wheat, barley, and oats, August 1 for cotton and rice, September 1 for soybeans, corn, and sorghum. October 1 for soymeal, and soyoil. 2/ Conversion factors: Hectare (ha.) = 2.471 acres, 1 metric ton = 2204.622 pounds, 36.7437 bushels of wheat or soybeans, 39.3679 bushels of corn or sorghum, 45.9296 bushels of barley, 68.8944 bushels of oats, 22.046 cwt. of rice, and 4.59 480-pound bales of cotton. 3/ Includes diversion, PIK, and acreage reduction programs. 4/ Includes imports. 5/ Market average prices do not include an allowance for loans outstanding and Government purchases. 6/ Residual included in domestic use. 7/ Includes seed. 8/ Average of crude soybean oil, Decatur. 9/ Average of 44 percent, Decatur. 10/ Upland and extra long staple. Stock estimates based on Census Bureau data which results in an unaccounted difference between supply and use estimates and changes in ending stocks.

Information contact: Commodity Economics Division, Crops Branch (202) 786-1840.

Table 18.—Food Grains

	Marketing year 1/				1986	1987				
	1982/83	1983/84	1984/85	1985/86	May	Jan	Feb	Mar	Apr	May
Wholesale prices										
Wheat, No. 1 HRW, Kansas City ($/bu) 2/	3.94	3.84	3.74	3.28	3.40	2.70	2.80	2.90	2.90	3.02
Wheat, DNS, Minneapolis ($/bu) 2/	3.95	4.21	3.70	3.25	3.05	2.82	2.65	2.61	2.60	2.76
Rice, S.W. La. ($/cwt) 3/	18.00	19.38	17.88	16.11	12.67	10.13	8.96	9.93	10.38	10.38
Wheat										
Exports (mil bu)	1,509	1,429	1,424	915	51	73	76	74	73	NA
Mill grind (mil bu)	656	694	676	707	60	62	62	64	63	NA
Wheat flour production (mil cwt)	292	308	301	317	27	28	28	29	27	NA
Rice										
Exports (mil cwt, rough equiv)	69.9	70.3	62.1	58.7	3.2	4.9	4.3	5.4	6.4	7.2

	Marketing year 1/			1985	1986				1987	
	1983/84	1984/85	1985/86	Oct-Dec	Jan-Mar	Apr-May	Jun-Aug	Sept-Nov	Dec-Feb	Mar-May
Wheat										
Stocks, beginning (mil bu)	1,515	1,399	1,425	2,971.1	2,526.1	2,130.0	1,905.0	3,154.6	2,671.5	2,249.8
Domestic use:										
Food (mil bu)	643	651	678	176.8	166.9	110.7	171.1	187.6	169.4	171.9
Feed & seed (mil bu) 4/	469	502	371	24.8	4.8	1.8	348.8	34.9	51.5	45.8
Exports (mil bu)	1,429	1,424	915	247.3	226.1	115.3	320.6	264.2	206.6	223.6

1/ Beginning June 1 for wheat and August 1 for rice. 2/ Ordinary protein. 3/ Long-grain, milled basis. 4/ Feed use approximated by residual. NA = not available.

Information contacts: Allen Schienbein and Janet Livszey (202) 786-1840.

Table 19.—Cotton

	Marketing year 1/				1986	1987				
	1982/83	1983/84	1984/85	1985/86	May	Jan	Feb	Mar	Apr	May
U.S. price, SLM, 1-1/16 in. (cts/lb) 2/	63.1	73.1	60.5	60.0	64.0	57.2	54.8	54.6	57.7	65.9
Northern Europe prices:										
Index (Cts/lb) 3/	76.7	87.6	69.2	48.9	45.4	65.7	65.9	63.0	66.2	76.01
U.S. M 1-3/32" (cts/lb) 4/	78.0	87.1	73.9	64.8	73.6	65.3	64.8	62.5	65.2	74.74
U.S. mill consumption (thou bales)	5,512.8	5,927.0	5,544.5	6,398.9	580.0	620.8	587.0	647.3	651.0	635.9
Exports (thou bales)	5,206.8	6,786.0	6,201.3	1,969.2	81.0	459.9	530.7	633.4	516.5	481.0
Stocks, beginning (thou bales)	6,632	7,937	2,775	4,102	10,327	13,106	12,728	11,780	9,333	8,216

1/ Beginning August 1. 2/ Average spot market. 3/ Liverpool Outlook "A" index: average of five lowest priced of 10 selected growths. 4/ Memphis territory growths.

Information contact: Bob Skinner (202) 786-1840.

Table 20.—Feed Grains

	Marketing year 1/				1986	1987				
	1982/83	1983/84	1984/85	1985/86	May	Jan	Feb	Mar	Apr	May
Wholesale prices										
Corn, No. 2 yellow, Chicago ($/bu)	2.88	3.46	2.79	2.35	2.57	1.57	1.50	1.60	1.69	1.89
Sorghum, No. 2 yellow, Kansas City ($/cwt)	4.80	5.22	4.46	3.72	4.25	2.50	2.57	2.80	2.85	3.10
Barley, feed, Minneapolis ($/bu)	1.76	2.48	2.09	1.53	1.31	--	--	3/1.64	1.76	1.86
Barley, malting, Minneapolis ($/bu)	2.53	2.84	2.55	2.24	2.07	1.81	1.92	2.01	2.05	2.12
Exports										
Corn (mil bu)	1,834	1,802	1,865	1,241	48	105	89	145	185	NA
Feed grains (mil metric tons) 2/	53.0	56.5	56.6	36.6	1.5	3.1	3.4	4.7	5.4	NA

	Marketing year 1/				1986				1987	
	1982/83	1983/84	1984/85	1985/86	Dec-Feb	Mar-May	June-Aug	Sept-Nov	Dec-Feb	Mar-May
Corn										
Stocks, beginning (mil bu)	2,537	3,523	1,006	1,648	8,615	6,587	4,990	4,040	10,304	8,248
Domestic use:										
Feed (mil bu)	4,521	3,818	4,079	4,095	1,300	1,086	494	1,388	1,472	1,097
Food, seed, ind. (mil bu)	895	975	1,091	1,160	264	309	308	280	270	326
Exports (mil bu)	1,834	1,902	1,865	1,241	465	204	154	321	315	495
Total use (mil bu)	7,249	6,694	7,036	6,496	2,029	1,599	956	1,989	2,058	1,918

1/ September 1 for corn and sorghum; June 1 for oats and barley. 2/ Aggregated data for corn, sorghum, oats, and barley. 3/ Beginning March 1987 reporting point changed from Minneapolis to Duluth. NA = not available.

Information contacts: Larry Van Meir (202) 786-1840.

Table 21.—Fats & Oils

	Marketing year 1/				1986		1987			
	1982/83	1983/84	1984/85	1985/86	Apr	Dec	Jan	Feb	Mar	Apr
Soybeans										
Wholesale price, No. 1 yellow, Chicago ($/bu) 2/	6.11	7.78	5.88	5.20	5.29	4.88	4.90	4.84	4.86	5.10
Crushings (mil bu)	1,107.8	982.7	1,030.5	1,052.8	84.4	107.6	110.3	102.3	106.0	95.9
Exports (mil bu)	905.2	742.8	598.2	740.0	80.4	88.2	71.3	73.8	67.8	53.8
Stocks, beginning (mil bu)	254.5	344.6	175.7	316.0	84.9	127.4	117.2	113.1	105.4	90.2
Soybean oil										
Wholesale price, crude, Decatur (cts/lb)	20.62	30.55	29.52	18.0	17.65	14.94	15.60	15.40	15.21	15.31
Production (mil lb)	12,040.4	10,872.0	11,467.9	11,620.4	935.4	1,152.2	1,185.6	1,109.6	1,149.1	1,047.1
Domestic disap. (mil lb)	9,857.3	9,598.6	9,916.7	10,062.8	838.7	891.8	787.0	856.0	761.6	1,027.2
Exports (mil lb)	2,024.7	1,813.6	1,659.8	1,257.2	124.0	22.8	67.9	74.0	52.1	28.2
Stocks, beginning (mil lb)	1,102.5	1,260.9	720.5	632.5	1,246.6	1,268.9	1,506.5	1,837.3	2,017.0	2,352.3
Soybean meal										
Wholesale price, 44% protein, Decatur ($/ton)	187.19	188.21	125.46	154.90	157.00	149.60	146.80	154.40	146.60	159.00
Production (thou ton)	26,713.6	22,756.2	24,529.3	24,957.8	2,008.4	2,527.3	2,590.1	2,409.9	2,489.1	2,256.4
Domestic disap. (thou ton)	19,306.0	17,615.2	19,481.7	19,122.3	1,484.6	1,796.6	1,926.4	1,513.5	1,538.4	1,593.4
Exports (thou ton)	7,108.7	5,359.7	4,816.5	6,007.0	609.6	877.7	592.8	830.1	992.4	654.8
Stocks, beginning (thou ton)	175.2	474.1	255.4	387.0	386.6	387.3	240.3	311.2	277.5	235.8
Margarine, wholesale price, Chicago, white (cts/lb)	41.1	46.3	55.4	42.1	41.75	38.55	38.25	39.75	39.20	39.38

1/ Beginning September 1 for soybeans; October 1 for soymeal and oil; calendar year for margarine. 2/ Beginning April 1, 1982. Prices based on 30-day delivery, using upper end of the range.

Information contacts: Roger Hoskin (202) 786-1840; Tom Bickerton (202) 786-1691.

Table 22.—Farm programs, price supports, participation & payment rates

(See the June 1987 issue.)

Information contact: Larry Van Meir (202) 786-1840.

Table 23.—Fruit

	Calendar years											
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986 P
Citrus												
Production (thou ton)	14,586	14,788	15,242	14,255	13,329	16,484	15,105	12,057	13,608	10,792	10,488	5/11,853
Per capita consumption (lbs) 1/	119.3	117.2	124.5	107.4	108.5	112.7	104.7	109.6	120 2	102.8	115.7	109.8
Non citrus												
Production (thou tons)	12,384	11,846	12,274	12,460	13,689	15,152	12,961	14,217	14,154	14,292	14,188	13,861
Per capita consumption (lbs) 1/	85.8	84.2	84.3	82.5	85.8	87.3	88.1	89.0	89.0	93.7	92.6	95.3

	1986							1987				
	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Fob shipping point prices												
Apples ($/carton) 2/	18.50	22.86	NA	17.03	13.70	13.63	14.00	10.67	14.00	14.50	15.35	16.63
Pears ($/box) 3/	25.70	NA	14 67	14.00	15.00	15.10	14.50	16.00	15.63	14.75	14.10	15.28
Oranges ($/box) 4/	4.27	3.63	4.03	4.34	4.47	6.58	4.24	4.24	4.75	4.79	4.94	4.36
Grapefruit ($/box) 4/	5.98	6.17	6.76	6.63	6.29	4.19	4.54	4.50	4.55	4.76	5.21	5.26
Stocks, ending												
Fresh apples (mil lbs)	118.8	25.4	7.9	2,349.5	4,142.7	3,532.2	2,891.7	2,307.2	1,720.2	1,174.0	751.9	386.3
Fresh pears (mil lbs)	.7	75.0	124 4	325.1	333.2	281.2	214.7	170.9	127.1	92.1	53.7	21.1
Frozen fruits (mil lbs)	558.1	719.6	741.1	740.7	855.6	777.5	720.9	632.3	563.0	497.7	495.6	508.2
Frozen orange juice (mil lbs)	1,056.9	920.3	855.3	715.4	577.6	524.8	621.2	877.8	1,015.7	937.1	994.8	1,111.9

1/ Revised per capita consumption for total U.S. population, including military consumption of both fresh and processed fruit in fresh weight equivalent. 2/ Red Delicious, Washington, extra fancy, carton tray pack, 80-113's. 3/ D'Anjou, Washington, standard box wrapped, U.S. No. 1, 90-135's. 4/ U.S. equivalent on-tree returns 5/ As of July 1, 1987. NA = not available. P = preliminary.

Information contact: Ben Huang (202) 786-1767.

Table 24.—Vegetables

	Calendar years									
	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
Production										
Total vegetables (1,000 cwt) 1/	402,836	382,165	413,925	381,370	379,123	431,515	403,320	457,392	453,769	445,436
Fresh (1,000 cwt) 1/ 2/	176,541	182,563	190,859	190,228	194,694	207,924	197,919	217,132	217,932	216,267
Processed (tons) 3/	11,319,750	9,980,100	11,153,300	9,557,100	9,221,460	11,179,580	10,270,050	12,013,020	11,783,240	11,616,560
Mushrooms (1,000 lbs)	398,703	454,007	470,069	469,576	517,146	490,826	561,531	595,681	587,956	NA
Potatoes (1,000 cwt)	355,334	366,314	342,447	302,857	338,591	355,131	333,911	362,612	407,109	354,468
Sweetpotatoes (1,000 cwt)	11,885	13,115	13,370	10,953	12,799	14,833	12,083	12,986	14,853	12,674
Dry edible beans (1,000 Cwt)	16,555	18,935	20,552	26,729	32,751	25,563	15,520	21,070	22,175	22,898

	1986								1987				
	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Shipments													
Fresh (1,000 cwt) 4/	32,827	26,825	27,818	17,579	15,174	19,275	15,967	15,766	20,607	18,066	22,286	20,011	23,887
Potatoes (1,000 cwt)	16,037	9,882	7,757	8,066	7,807	11,332	9,928	10,836	14,569	10,881	15,668	13,560	12,165
Sweetpotatoes (1,000 cwt)	250	177	160	96	246	428	706	389	279	259	293	289	177

1/ 1983 data are not comparable with 1984 and 1985. 2/ Estimate reinstated for asparagus with the 1984 crop, all other years also include broccoli, carrots, cauliflower, celery, sweet corn, lettuce, honeydews, onions, and tomatoes. 3/ Estimates reinstated for cucumbers with the 1984 crop, all other years also include snap beans, sweet corn, green peas, and tomatoes. 4/ Includes snap beans, broccoli, cabbage, carrots, cauliflower, celery, sweet corn, cucumbers, eggplant, lettuce, onions, bell peppers, squash, tomatoes, cantaloupes, honeydews, and watermelons. NA = not available.

Information contact: Shannon Hamm or Cathy Greene (202) 786-1767.

Table 25.—Other Commodities

	Annual					1986				1987
	1982	1983	1984	1985	1986 F	Jan-Mar	Apr-June	July-Sept	Oct-Dec	Jan-Mar
Sugar										
Production 1/	5,836	5,682	5,890	5,969	6,257	1,615	728	685	3,231	2,035
Deliveries 1/	9,153	8,812	8,454	8,035	7,810	1,834	1,813	2,069	1,993	1,908
Stocks, ending 1/	3,068	2,570	3,005	3,126	3,227	3,384	2,540	1,652	3,158	3,507
Coffee										
Composite green price N.Y. (cts/lb)	132.00	131.51	142.95	137.46	185.18	215.33	190.79	174.92	159.69	115.38
Imports, green bean equiv. (million lbs) 2/	2,352	2,259	2,411	2,550	2,596	810	653	635	498	563

	Annual			1986				1987		
	1984	1985	1986	Mar	Oct	Nov	Dec	Jan	Feb	Mar
Tobacco										
Prices at auctions 3/										
Flue-cured (dol/lb)	1.81	1.72	1.52	NQ	1.50	1.40	NQ	NQ	NQ	NQ
Burley (dol/lb)	1.88	1.59	1.57	1.48	NQ	1.58	1.57	1.52	1.57	NQ
Domestic consumption 4/										
Cigarettes (bil)	600.4	594.0	584.0	51.5	52.0	49.2	48.8	38.1	42.7	53.0
Large cigars (mil)	3,493	3,226	3,090	227.4	268.5	220.9	261.6	223.4	213.4	235.5

1/ 1,000 short tons, raw value. Quarterly data shown at end of each quarter. 2/ Green and processed coffee. 3/ Crop year July-June for flue-cured, October-September for burley. 4/ Taxable removals. F = forecast. NQ = no quote.

Information contacts: (sugar) Dave Harvey (202) 786-1769; (coffee) Fred Gray (202) 786-1769; (tobacco) Verner Grise (202) 786-1768.

Table 26.—World Supply & Utilization of Major Crops, Livestock, & Products

	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87 F	1987/88 F
				Million units			
Wheat							
Area (hectare)	238.7	237.7	229.1	231.4	229.2	227.8	
Production (metric ton)	449.5	477.5	489.3	511.5	498.7	529.2	508.9
Exports (metric ton) 1/	101.3	98.7	102.0	107.0	84.6	90.3	97.6
Consumption (metric ton) 2/	443.6	462.2	482.2	495.6	487.1	518.6	508.7
Ending stocks (metric ton) 3/	97.0	102.3	109.5	125.3	136.9	147.5	147.7
Coarse grains							
Area (hectare)	349.9	339.7	335.3	335.5	340.4	338 6	
Production (metric ton)	766.0	784.4	686.8	814.0	845.8	836.8	807.6
Exports (metric ton) 1/	96.6	89.6	93.1	100.7	83.4	86.4	89.6
Consumption (metric ton) 2/	737.7	753.1	761.8	793.1	770.6	804.4	822.7
Ending stocks (metric ton) 3/	120.7	151.8	77.0	107.8	183.0	215.4	200.3
Rice, milled							
Area (hectare)	145.2	141.1	144.3	144.4	144.7	145.1	
Production (metric ton)	280.6	285.7	308.0	319.2	320.4	317.1	324.9
Exports (metric ton) 4/	11.8	11.9	12.6	11.5	12.7	11.9	11.8
Consumption (metric ton) 2/	281.5	290.3	308.8	313.9	316.4	320.7	327.6
Ending stocks (metric ton) 3/	21.3	17.3	17.2	22.3	26.3	22.7	20.1
Total grains							
Area (hectare)	733.8	718.5	708.7	711.3	714.3	711.5	
Production (metric ton)	1,496.1	1,547.6	1,484.2	1,644.7	1,664.9	1,683.1	1,641.4
Exports (metric ton) 1/	209.7	200.2	207.7	219.2	180.7	188.6	199.0
Consumption (metric ton) 2/	1,462.8	1,505.6	1,552.8	1,592.6	1,574.1	1,643.7	1,659.0
Ending stocks (metric ton) 3/	229.0	271.4	203.7	255 4	346.2	385.6	368.1
Oilseeds							
Crush (metric ton)	138.9	143.5	136.7	150.7	153.9	156.4	161.6
Production (metric ton)	169.4	178.2	165.7	191.0	196.0	196.7	201.7
Exports (metric ton)	35.9	35.2	33.0	32.9	34.3	35.9	35.1
Ending stocks (metric ton)	13.5	20.5	15.8	21.3	26.7	27.4	27.5
Meals							
Production (metric ton)	94.5	98.1	92.9	101.8	104.0	106.9	109.8
Exports (metric ton)	28.8	31.6	29.6	32.3	34.2	35.2	35.3
Oils							
Production (metric ton)	41.6	43.4	42.3	46.2	48.3	49.3	51.1
Exports (metric ton)	13.4	14.0	13.7	15.6	16.4	16.6	16.9
Cotton							
Area (hectare)	33.0	31.4	31.0	33.9	31.9	30.2	
Production (bale)	71.2	68.1	67.7	88.1	79.0	69.0	77.6
Exports (bale)	20.2	19.4	19.2	20.5	20.2	24.3	23.6
Consumption (bale)	66.2	68.3	68.7	70.4	76.8	82.3	82.0
Ending stocks (bale)	25.2	25.1	25.1	42.7	46.2	32.3	27.7
	1981	1982	1983	1984	1985	1986 F	1987 F
Red meat							
Production (mil metric tons)	93 6	93.9	96.4	98.1	101.8	102.3	103.0
Consumption (mil metric tons)	92.0	92.2	94.7	96.1	99.6	100 9	101.4
Exports (mil metric tons) 1/	5.7	5.8	5.6	5.9	6.3	6.1	6.4
Poultry							
Production (mil metric tons)	22.5	23.1	23.5	24.2	25.2	26.0	27 4
Consumption (mil metric tons)	22.1	22.7	23.5	24.0	24.9	25.6	27.0
Exports (mil metric tons) 1/	1.5	1.4	1.3	1.2	1.2	1.2	1.3
Dairy							
Milk production	389.7	396.9	412.5	413.0	417.9	422.8	423.4

1/ Excludes intra-EC trade. 2/ Where stocks data not available (excluding USSR), consumption includes stock changes. 3/ Stocks data are based on differing marketing years and do not represent levels at a given date. Data not available for all countries; includes estimated change in USSR grain stocks but not absolute level. 4/ Calendar year data. 1982 data correspond with 1981/82, etc. F = forecast.

Information contact: Frederic Surls (202) 786-1693.

Table 27.—Prices of Principal U.S. Agricultural Trade Products

	Annual			1986		1987				
	1984	1985	1986	May	Dec	Jan	Feb	Mar	Apr	May
Export commodities										
Wheat, f.o.b. vessel, Gulf ports ($/bu)	4.17	3.73	3.18	3.49	2.97	3.00	3.09	3.17	3.13	3.28
Corn, f.o.b. vessel, Gulf ports ($/bu)	3.50	2.89	2.27	2.70	1.89	1.77	1.74	1.85	1.93	2.08
Grain sorghum, f.o.b. vessel, Gulf ports ($/bu)	3.00	2.64	2.16	2.71	1.84	1.75	1.75	1.87	1.86	2.01
Soybeans, f.o.b. vessel, Gulf ports ($/bu)	7.38	5.83	5.45	5.59	5.14	5.13	5.08	5.14	5.35	5.71
Soybean oil, Decatur (cts/lb)	30.75	27.03	16.36	17.72	14.68	15.45	15.21	15.03	15.03	15.93
Soybean meal, Decatur ($/ton)	166.80	127.15	157.62	157.60	149.54	147.65	153.24	146.98	158.48	175.70
Cotton, 8 market avg. spot (cts/lb)	68.37	58.55	53.47	63.95	54.15	57.17	54.75	54.60	57.72	65.94
Tobacco, avg. price at auction (cts/lb)	170.64	172.05	154.27	158.01	146.40	144.90	145.82	146.51	145.59	145.59
Rice, f.o.b. mill, Houston ($/cwt)	19.47	18.49	14.60	13.75	13.00	11.13	10.50	10.50	10.50	10.50
Inedible tallow, Chicago (cts/lb)	17.47	14.33	9.03	8.72	9.40	10.69	11.00	9.77	12.58	14.75
Import commodities										
Coffee, N.Y. spot ($/lb)	1.46	1.42	2.01	2.18	1.46	1.27	1.20	1.03	1.02	1.09
Rubber, N.Y. spot (cts/lb)	49.70	41.91	42.87	40.10	44.67	45.93	46.51	46.11	47.38	49.06
Cocoa beans, N.Y. ($/lb)	1.06	.99	.88	.81	.86	.86	.85	.87	.90	.90

Information contact: Mary Teymourian (202) 786-1692.

Table 28.—Indexes of Nominal & Real Trade-Weighted Dollar Exchange Rates

	1986						1987					
	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
						March 1973=100						
Total U.S. trade 1/ Nominal	110	108	107	107	108	107	101	99	99	97*	96*	98*
						April 1971=100						
Agricultural trade												
Nominal 2/	4,567	4,661	4,680	4,733	4,784	4,903	5,238	6,102	6,954	7,783	9,838	12,507
Real 3/	85	87	87	89	90	88	86*	85*	85*	84*	84*	86*
Soybeans												
Nominal 2/	161	250	266	280	294	305	314	327	343	358	374	394
Real 3/	75	75	75	75	76	75	72*	71*	71*	70*	69*	70*
Wheat												
Nominal 2/	26,499	26,501	26,514	26,733	27,020	27,616	29,557	34,601	39,700	44,815	57,302	73,477
Real 3/	100	102	102	109	110	107	105*	104*	106*	103*	106*	111*
Corn												
Nominal 2/	4,172	4,297	4,320	4,369	4,430	4,534	4,842	5,631	6,407	7,158	9,020	11,436
Real 3/	78	80	80	80	80	79	76*	76*	76*	74*	73*	74*
Cotton												
Nominal 2/	231	230	233	236	237	237	234	233	233	272	270	269
Real 3/	91	90	91	92	92	92	91*	90*	90*	89*	88*	87*

1/ Federal Reserve Board index of trade-weighted exchange value of the U.S dollar against 10 other major industrial country currencies, plus Switzerland. These currencies dominate the financing of U.S total trade. 2/ Nominal values are percentage changes in currency units per dollar, weighted by proportion of agricultural exports from the United States. An increase indicates that the dollar has appreciated. 3/ The real index deflates the nominal series by consumer price changes of the countries involved, resulting in divergence between nominal and real indexes when high-inflation countries figure significantly. The nominal Federal Reserve index shows little divergence between nominal and real indexes because of similar inflation rates among the countries included. *Preliminary.

Information contact: Edward Wilson (202) 786-1688.

Table 29.—U.S. Trade Balance

	Fiscal Years*									Apr
	1979	1980	1981	1982	1983	1984	1985	1986	1987 F	1987
						$ billion				
Exports										
Agricultural	31,978	40,481	43,780	39,095	34,769	38,027	31,201	26,325	27,500	2,270
Nonagricultural	135,839	169,846	185,423	176,310	159,373	170,014	179,236	176,613	NA	17,130
Total 1/	167,818	210,327	229,203	215,405	194,142	208,041	210,437	202,938	NA	19,400
Imports										
Agricultural	16,186	17,275	17,218	15,481	16,271	18,916	18,740	20,875	20,000	1,795
Nonagricultural	177,424	223,590	237,469	233,353	230,629	297,736	313,722	342,855	NA	29,818
Total 2/	193,610	240,866	254,687	248,834	246,900	316,652	333,462	363,730	NA	31,713
Trade balance										
Agricultural	15,793	23,205	26,562	23,614	18,498	19,111	11,461	5,450	7,500	475
Nonagricultural	-41,585	-53,744	-52,046	-57,043	-71,256	-127,722	-134,486	-166,242	NA	-12,788
Total	-25,792	-30,539	-25,484	-33,428	-52,758	-108,611	-123,025	-160,792	NA	-12,313

*Fiscal years begin October 1 and end September 30. Fiscal year 1986 began Oct. 1, 1985 and ended Sept. 30, 1986.
1/ Domestic exports including Department of Defense shipments (F.A.S. value). 2/ Imports for consumption (Customs value)
NA = not available. F = forecast.

Information contact: Steve MacDonald (202) 786-1621.

Table 30.—U.S. Agricultural Exports & Imports

	Fiscal years*				Apr	Fiscal years*				Apr
	1984	1985	1986	1987 F	1987	1984	1985	1986	1987 F	1987
	Thousand units					$ million				
Exports										
Animals, live (no) 1/	754	996	570	--	18	276	255	344	--	9
Meats & preps., excl. poultry (mt)	422	427	451	2/500	41	929	906	1,012	--	108
Dairy products (mt)	418	423	481	--	30	393	414	430	500	29
Poultry meats (mt)	225	234	265	400	30	280	257	282	--	33
Fats, oils, & greases (mt)	1,395	1,217	1,355	3/1,200	109	703	608	477	--	38
Hides & skins incl. furskins	--	--	--	--	--	1,318	1,325	1,456	--	165
Cattle hides, whole (no) 1/	24,283	25,456	25,973	--	2,179	1,010	1,019	1,150	--	113
Mink pelts (no) 1/	2,551	2,237	2,697	--	520	67	60	65	--	21
Grains & feeds (mt)	108,194	93,903	74,437	--	8,306	17,304	13,285	9,476	4/9,600	778
Wheat (mt)	41,699	28,523	25,490	30,000	1,781	6,497	4,264	3,259	5/3,300	183
Wheat flour (mt)	1,071	718	1,137	1,300	134	234	164	204	--	21
Rice (mt)	2,293	1,972	2,382	2,300	187	897	677	648	600	44
Feed grains, incl. products (mt)	55,546	55,362	36,293	47,200	5,368	8,217	6,884	3,819	3,700	405
Feeds & fodders (mt)	7,021	6,533	8,381	6/9,700	791	1,216	1,004	1,289	--	107
Other grain products (mt)	564	795	754	--	68	243	293	257	--	25
Fruits, nuts, and preps. (mt)	1,931	1,907	2,003	--	173	1,594	1,687	1,766	--	137
Fruit juices incl. froz. (hl) 1/	5,598	4,641	3,652	--	453	223	200	148	--	19
Vegetables & preps. (mt)	1,527	1,420	1,467	--	139	999	946	1,000	--	106
Tobacco, unmanufactured (mt)	227	257	224	200	19	1,433	1,588	1,318	1,200	116
Cotton, excl. linters (mt)	1,481	1,277	482	1,500	123	2,395	1,945	678	1,800	133
Seeds (mt)	252	289	269	--	22	326	352	366	400	23
Sugar, cane or beet (mt)	285	355	375	--	78	74	65	75	--	12
Oilseeds & products (mt)	26,961	23,803	27,557	--	2,141	8,602	6,195	6,266	7/5,800	440
Oilseeds (mt)	20,466	17,886	20,684	8/19,600	1,499	6,254	4,324	4,394	--	301
Soybeans (mt)	19,265	16,621	20,139	19,100	1,467	5,734	3,876	4,174	3,700	285
Protein meal (mt)	5,060	4,606	5,588	6,000	599	1,217	853	1,127	1,200	113
Vegetable oils (mt)	1,435	1,311	1,284	--	42	1,131	1,018	746	--	27
Essential oils (mt)	11	12	7	--	1	96	105	105	--	11
Other	465	443	568	--	42	1,082	1,069	1,126	--	114
Total	143,794	125,967	109,941	127,500	11,254	38,027	31,201	26,325	27,500	2,270
Imports										
Animals, live (no) 1/	1,907	2,120	1,885	--	176	596	569	637	600	48
Meats & preps., excl. poultry (mt)	905	1,123	1,139	1,127	109	1,931	2,214	2,248	2,400	230
Beef & veal (mt)	550	674	693	710	66	1,165	1,295	1,252	1,400	131
Pork (mt)	328	416	406	430	39	703	847	900	1,000	91
Dairy products (mt)	382	418	400	410	24	757	763	786	800	56
Poultry and products 1/	--	--	--	--	--	122	93	101	--	9
Fats, oils, & greases (mt)	18	21	22	--	2	13	18	17	--	1
Hides & skins, incl. furskins 1/	--	--	--	--	--	216	240	200	--	27
Wool, unmanufactured (mt)	59	43	53	--	4	183	145	160	--	15
Grains & feeds (mt)	1,805	2,070	2,311	2,580	214	534	604	668	700	61
Fruits, nuts, & preps., excl. juices (mt)	4,036	4,483	4,637	4,850	494	1,634	1,891	1,976	2,000	213
Bananas & plantains (mt)	2,727	3,022	3,042	3,100	271	666	752	740	700	75
Fruit juices (hl) 1/	27,247	35,112	31,539	28,000	2,262	671	995	698	600	53
Vegetables & preps. (mt)	2,093	2,140	2,199	2,200	305	1,314	1,347	1,560	1,700	166
Tobacco, unmanufactured (mt)	190	191	208	200	11	563	556	605	600	30
Cotton, unmanufactured (mt)	32	31	41	--	5	17	17	14	--	1
Seeds (mt)	82	92	89	90	40	97	91	111	100	22
Nursery stock & cut flowers 1/	--	--	--	--	--	292	318	353	--	37
Sugar, cane or beet (mt)	2,829	2,338	1,905	1,500	133	1,144	912	654	--	48
Oilseeds & products (mt)	1,137	1,271	1,508	1,800	116	799	784	639	600	44
Oilseeds (mt)	223	253	197	--	9	95	98	69	--	4
Protein meal (mt)	118	159	138	--	23	21	17	15	--	3
Vegetable oils (mt)	797	859	1,173	--	84	683	670	555	--	38
Beverages excl. fruit juices (hl)1/	14,120	15,494	15,488	--	1,342	1,547	1,622	1,848	--	164
Coffee, tea, cocoa, spices (mt)	1,776	1,868	1,940	1,730	184	4,777	4,983	6,099	4,900	431
Coffee, incl. products (mt)	1,128	1,129	1,223	1,050	110	3,300	3,244	4,400	3,200	259
Cocoa beans & products (mt)	451	539	507	500	55	1,058	1,285	1,189	1,200	113
Rubber & allied gums (mt)	809	799	801	800	71	854	680	615	600	64
Other	--	--	--	--	--	844	900	885	--	76
Total	--	--	--	--	--	18,916	19,740	20,875	20,000	1,795

*Fiscal years begin October 1 and end September 30. Fiscal year 1986 began Oct. 1, 1985 and ended Sept. 30, 1986. -- not available. 1/ Not included in total volume. 2/ Forecasts for footnoted items 2/-8/ are based on slightly different groups of commodities. Fiscal 1986 exports of categories used in the 1987 forecasts were: 2/ 413 thousand mt. 3/ 1,306 thousand mt. 4/ 9,648 million. 5/ 3,489 million, i.e. includes flour. 6/ 8,218 thousand mt. 7/ 6,439 million. 8/ 20,481 thousand mt. F = forecast.

Information contact: Steve MacDonald (202) 786-1621.

Table 31. U.S. Agricultural Exports by Region

Region & country	Fiscal years*				Apr	Change from year* earlier				Apr
	1984	1985	1986	1987 F	1987	1984	1985	1986	1987 F	1987
	$ million					Percent				
Western Europe	9,265	7,183	6,857	6,800	498	-9	-22	-5	-3	-12
European Community (EC-12)	8,650	6,668	6,442	6,400	461	9	-23	-3	-2	-14
Belgium-Luxembourg	836	470	361	--	21	3	-44	-23	--	-20
France	510	396	431	--	31	-1	-22	9	--	20
Germany, Fed. Rep.	1,260	900	1,001	--	86	-13	-29	11	--	-6
Italy	771	677	693	--	62	-4	-12	2	--	5
Netherlands	2,227	1,926	2,042	--	136	-21	-14	6	--	-29
United Kingdom	790	628	628	--	54	-4	-20	0	--	15
Portugal	702	502	308	--	19	10	-28	-39	--	-14
Spain, incl Canary Islands	1,232	832	723	--	31	3	-32	-13	--	-47
Other Western Europe	615	515	415	400	37	-10	-16	-19	-4	36
Switzerland	311	232	128	--	14	-12	-26	-45	--	118
Eastern Europe	741	532	447	500	60	-10	-28	-16	0	66
German Dem. Rep.	132	81	52	--	4	7	-39	-36	--	297
Poland	197	126	42	--	11	-15	-36	-66	--	168
Yugoslavia	180	137	134	--	11	-28	-24	-2	--	51
Romania	155	88	112	--	22	35	-43	27	--	5
USSR	2,512	2,525	1,105	800	114	156	1	-56	-45	1
Asia	15,209	11,933	10,498	11,700	999	12	-22	-12	2	19
West Asia (Mideast)	1,865	1,452	1,243	1,600	150	26	-22	-14	8	94
Turkey	222	129	111	--	26	693	-42	-13	--	223
Iraq	423	371	321	--	51	31	-12	-13	--	334
Israel	351	300	255	--	12	20	-15	-15	--	-38
Saudia Arabia	497	381	335	--	45	11	-23	-12	--	86
South Asia	867	599	517	400	11	-26	-31	-14	-2	-71
Bangladesh	157	205	94	--	3	3	31	-54	--	-87
India	376	129	90	--	6	-51	-66	-30	--	-3
Pakistan	285	228	285	--	0	33	-20	25	--	-98
China	692	239	88	200	20	27	-65	-63	0	105
Japan	6,935	5,663	5,139	5,500	498	18	-18	-9	0	12
Southeast Asia	1,218	842	725	800	53	1	-31	-14	14	-18
Indonesia	438	204	172	--	9	7	-53	-16	--	-35
Philippines	300	285	270	--	21	-21	-5	-5	--	-22
Other East Asia	3,631	3,138	2,787	3,200	267	10	-14	-11	7	28
Taiwan	1,409	1,342	1,108	--	95	14	-5	-17	--	7
Korea, Rep.	1,816	1,400	1,277	--	134	6	-23	-9	--	62
Hong Kong	407	396	399	--	38	18	-3	1	--	3
Africa	2,868	2,527	2,135	1,900	125	26	-12	-16	-5	-24
North Africa	1,542	1,207	1,402	1,300	89	6	-22	16	0	-5
Morocco	341	156	159	--	11	52	-54	2	--	-42
Algeria	162	220	330	--	28	-20	36	50	--	19
Egypt	882	766	875	--	60	-3	-13	14	--	-3
Sub-Sahara	1,327	1,320	733	600	26	62	-1	-44	-18	-57
Nigeria	345	367	158	--	3	4	6	-57	--	-81
Rep. S. Africa	525	189	70	--	3	304	-64	-63	--	-25
Latin America & Caribbean	5,279	4,570	3,599	3,800	300	9	-13	-21	8	14
Brazil	438	557	444	--	16	10	27	-20	--	141
Caribbean Islands	827	771	752	800	68	7	-7	-2	10	7
Central America	396	361	334	400	30	11	-9	-7	33	31
Colombia	220	238	137	--	5	-14	8	-42	--	-38
Mexico	1,966	1,566	1,115	1,300	133	11	-20	-29	27	15
Peru	227	106	108	--	7	-12	-53	2	--	68
Venezuela	778	721	493	--	27	26	-7	-32	--	-6
Canada	1,936	1,727	1,466	1,700	158	4	-11	-15	7	28
Oceania	216	204	216	200	16	-4	-6	6	0	38
Total	38,027	31,201	26,325	27,500	2,270	9	-18	-16	-1	7
Developed Countries	19,180	15,225	13,863	14,200	1,181	4	-21	-8	-3	1
Less Developed Countries	14,902	12,680	10,721	11,800	895	7	-15	-15	6	13
Centrally Planned Countries	3,945	3,296	1,640	1,500	194	67	-16	-50	-31	22

*Fiscal years begin October 1 and end September 30. Fiscal year 1986 began Oct. 1, 1985 and ended Sept. 30, 1986. F = forecast. -- not available.

Note: Adjusted for transshipments through Canada.

Information contact: Steve MacDonald (202) 786-1621.

Table 32.—Farm Income Statistics

	Calendar years										
	1977	1978	1979	1980	1981	1982 R	1983 R	1984 R	1985 R	1986 P	1987 F
	$ billion										
1. Farm receipts	97.5	114.3	133.8	142.0	144.1	147.1	141.0	146.8	148.9	141	133 to 135
Crops (incl. net CCC loans)	48.6	53.2	62.3	71.7	72.5	72.4	67.1	69.4	74.4	64	55 to 57
Livestock	47.6	59.2	69.2	68.0	69.2	70.2	69.5	73.0	69.6	72	72 to 74
Farm related 1/	1.2	1.9	2.2	2.3	2.5	4.5	4.5	4.4	5.0	5	4 to 6
2. Direct Government payments	1.8	3.0	1.4	1.3	1.9	3.5	9.3	8.4	7.7	12	14 to 16
Cash payments	1.8	3.0	1.4	1.3	1.9	3.5	4.1	4.0	7.6	8	7 to 9
Value of PIK commodities	0.0	0.0	0.0	0.0	0.0	0.0	5.2	4.5	0.1	4	7 to 9
3. Total gross farm income (4+5+6) 2/	108.8	128.4	150.7	149.3	166.3	163.6	153.0	174.8	165.8	160	156 to 158
4. Gross cash income (1+2)	99.3	117.3	135.1	143.3	146.0	150.6	150.3	155.3	156.6	153	148 to 150
5. Nonmoney income 3/	8.4	9.3	10.6	12.3	13.8	14.3	13.5	13.4	11.8	11	8 to 10
6. Value of inventory change	1.1	1.8	5.0	-6.3	6.5	-1.3	-10.9	6.2	+2.7	-3	-3 to 0
7. Cash expenses 4/	71.4	84.2	101.7	109.1	113.2	112.5	113.3	116.3	109.6	100	94 to 96
8. Total expenses	88.9	103.2	123.3	133.1	139.4	140.0	140.4	142.7	133.7	122	114 to 116
9. Net cash income (4-7)	27.8	33.1	33.4	34.2	32.8	38.1	37.1	38.9	47.0	53	52 to 56
10. Net farm income (3-8)	19.9	25.2	27.4	16.1	26.9	23.6	12.7	32.2	32.1	38	40 to 44
Deflated (1982$)	29.5	34.9	34.9	18.8	28.6	23.6	12.2	29.8	28.8	33	34 to 38
11. Off-farm income	26.1	28.7	33.8	34.7	35.8	36.4	37.0	38.3	42.5	45	47 to 49
12. Loan changes 5/: Real estate	7.6	7.6	13.0	9.3	9.5	4.0	2.5	-0.8	-5.6	-7	-9 to -5
13. 5/: Nonreal estate	6.8	8.3	10.9	5.9	6.2	3.4	1.0	-0.8	-9.2	-11	-8 to -4
14. Rental income plus monetary change	3.5	4.1	6.3	6.1	6.4	6.3	5.3	8.9	8.8	8	6 to 8
15. Capital expenditures 5/	15.0	17.9	19.9	18.0	16.8	13.3	12.7	12.5	9.6	9	6 to 8
16. Net cash flow (9+12+13+14-15)	30.8	35.1	43.7	37.5	37.9	38.5	33.2	33.7	31.3	34	38 to 42

R = revised. P = preliminary. F = forecast 1/ Income from machine hire, custom work, sales of forest products, and other misc. cash sources. 2/ Numbers in parentheses indicate the combination of items required to calculate a given item. 3/ Value of home consumption of self-produced food and imputed gross rental value of farm dwellings. 4/ Excludes capital consumption, perquisites to hired labor, and farm household expenses. 5/ Excludes farm households. Totals may not add due to rounding.

Information contact: Richard Kodl (202) 786-1808.

Table 33.—Balance Sheet of the U.S. Farming Sector

	Calendar years										
	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986 P	1987 F
	$ billion										
Assets											
Real estate 1/	507.7	600.7	704.2	779.2	780.2	745.6	736.1	639.6	559.6	515	510 to 520
Non-real estate	149.0	183.0	213.9	224.0	225.0	232.2	220.4	216.5	211.9	196	190 to 200
Livestock & poultry	31.9	51.3	61.4	60.6	53.5	53.0	49.7	49.6	45.9	44	47 to 50
Machinery & motor vehicles	69.9	78.2	90.8	96.8	103.0	103.7	100.9	95.0	92.2	88	84 to 88
Crops stored	24.8	28.0	33.5	36.5	36.1	40.6	33.2	33.7	37.1	29	25 to 28
Financial assets	22.4	25.5	28.2	30.1	32.4	34.9	36.5	38.1	36.7	35	34 to 37
Total farm assets	656.7	783.7	918.1	1,003.2	1,005.2	977.8	956.5	856.1	771.4	711	705 to 715
Liabilities											
Real estate	58.0	65.6	78.5	87.9	97.2	101.2	103.7	102.9	97.3	90	82 to 86
Non-real estate	82.4	66.4	76.7	82.5	91.6	102.4	98.7	95.8	94.8	87	72 to 76
CCC loans	4.5	5.7	5.1	5.0	8.0	15.4	10.8	8.6	16.9	19	12 to 14
Other non-real estate	52.4	60.7	71.6	77.5	83.6	87.0	87.9	87.1	77.9	68	61 to 63
Total farm liabilities	114.9	131.9	155.2	170.4	188.8	203.6	202.4	198.7	192.1	177	155 to 160
Total farm equity	541.8	651.8	762.9	832.9	816.4	774.2	754.0	657.3	579.3	534	550 to 555
	Percent										
Selected ratios											
Debt-to-assets	17.5	16.8	16.9	17.0	18.8	20.8	21.2	23.2	24.9	24.8	22
Debt-to-equity	20.0	19.3	19.6	19.7	23.1	26.3	26.8	30.2	33.2	32.9	28
Debt-to-net cash income	412.3	398.2	464.4	497.7	576.1	553.0	545.5	505.8	436.2	342.8	290

1/ Excludes farm household. P = preliminary. F = forecast.

Information contact: Richard Kodl (202) 786-1808.

Table 34.—Cash Receipts from Farm Marketings, by State

Region State	Livestock & Products				Crops 1/				Total 1/			
	1985	1986	Mar 1987	Apr 1987	1985	1986	Mar 1987	Apr 1987	1985	1986	Mar 1987	Apr 1987
	$ million 2/											
North Atlantic												
Maine	244	241	20	18	138	142	24	26	382	383	44	44
New Hampshire	70	72	6	6	36	38	3	3	107	110	10	9
Vermont	354	361	31	29	34	36	2	2	388	398	33	31
Massachusetts	127	131	11	11	259	292	14	18	385	423	25	29
Rhode Island	14	12	1	1	62	63	4	6	76	75	5	7
Connecticut	204	210	17	16	150	162	12	15	355	372	30	31
New York	1,847	1,811	151	147	727	692	47	51	2,574	2,503	198	198
New Jersey	144	150	13	12	444	430	22	31	589	580	35	44
Pennsylvania	2,184	2,238	184	181	1,008	926	76	82	3,192	3,165	261	263
North Central												
Ohio	1,515	1,565	129	136	2,601	2,044	97	51	4,115	3,609	227	187
Indiana	1,728	1,850	135	158	3,064	2,259	20	38	4,792	4,109	155	196
Illinois	2,052	2,144	195	216	5,916	4,738	182	-40	7,967	6,882	377	176
Michigan	1,231	1,237	99	101	1,701	1,428	55	55	2,933	2,664	154	156
Wisconsin	4,058	4,160	363	360	1,025	894	1	18	5,084	5,054	365	378
Minnesota	3,371	3,395	301	290	3,224	2,679	77	-24	6,595	6,074	378	265
Iowa	4,883	4,980	468	474	4,582	4,124	106	62	9,465	9,104	574	536
Missouri	1,924	1,925	167	176	1,763	1,586	71	19	3,688	3,511	238	195
North Dakota	687	676	66	63	2,001	1,623	78	49	2,688	2,299	144	112
South Dakota	1,900	1,526	139	135	1,157	939	6	11	3,057	2,464	145	146
Nebraska	4,112	4,260	336	449	3,227	2,669	26	-30	7,340	6,928	362	418
Kansas	3,264	3,447	310	329	2,552	1,978	36	11	5,816	5,425	347	339
Southern												
Delaware	353	359	27	34	134	111	4	4	487	470	31	38
Maryland	764	814	58	63	458	371	27	46	1,222	1,186	84	109
Virginia	1,062	1,127	86	92	629	488	21	16	1,691	1,615	107	108
West Virginia	191	156	13	13	58	71	3	2	249	227	17	16
North Carolina	1,858	2,179	167	173	1,977	1,604	33	37	3,935	3,783	200	210
South Carolina	415	453	35	36	621	439	10	10	1,036	891	45	46
Georgia	1,726	1,885	152	150	1,571	1,343	52	45	3,297	3,227	203	195
Florida	1,021	1,000	87	92	3,576	3,800	507	567	4,596	4,800	594	660
Kentucky	1,352	1,311	81	91	1,583	1,078	25	8	2,934	2,388	105	100
Tennessee	1,080	1,144	106	101	1,091	891	28	33	2,171	2,035	134	134
Alabama	1,301	1,431	114	125	773	576	35	23	2,074	2,007	149	148
Mississippi	1,011	1,046	82	88	1,139	741	-2	-2	2,249	1,787	79	85
Arkansas	1,825	2,022	133	167	1,606	978	-7	-48	3,432	3,000	125	118
Louisiana	491	503	40	41	993	872	7	2	1,485	1,375	47	43
Oklahoma	1,726	1,835	143	151	957	746	18	27	2,683	2,581	161	178
Texas	5,441	5,537	532	463	3,851	2,939	136	108	9,292	8,475	668	571
Western												
Montana	802	720	61	53	422	493	20	22	1,224	1,213	81	76
Idaho	862	668	70	80	1,220	1,065	50	52	2,082	1,933	120	132
Wyoming	479	455	40	47	123	110	4	2	601	566	44	49
Colorado	2,019	2,219	209	229	1,098	892	37	41	3,117	3,111	245	270
New Mexico	718	709	81	72	371	307	12	11	1,089	1,016	93	83
Arizona	701	699	64	80	793	798	112	37	1,494	1,496	176	117
Utah	413	437	39	37	142	133	8	7	555	570	47	44
Nevada	144	160	14	14	81	72	7	6	225	232	20	19
Washington	926	981	72	87	1,910	1,816	120	140	2,837	2,797	192	227
Oregon	622	647	55	47	1,101	1,137	73	55	1,723	1,784	128	103
California	4,163	4,557	342	382	9,821	10,032	596	615	13,985	14,589	939	997
Alaska	8	10	1	1	19	20	1	1	27	30	2	2
Hawaii	83	84	7	7	462	503	43	41	545	587	50	48
United States	69,571	71,734	6,055	6,328	74,353	64,170	2,938	2,360	143,924	135,903	8,994	8,688

1/ Sales of farm products include receipts from commodities placed under CCC loans minus value of redemptions during the period
2/ Estimates as of the end of current month. Rounded data may not add.

Information contact: Roger Strickland (202) 786-1804.

Table 35.—Cash Receipts from Farming

	Annual						1986		1987			
	1981	1982	1983	1984	1985	1986	Apr	Dec	Jan	Feb	Mar	Apr
	$ million											
Farm marketings and CCC loans *	141,616	142,802	136,559	142,457	143,924	135,903	9,647	13,771	13,069	8,357	8,994	8,688
Livestock and products	69,151	70,249	69,459	73,048	69,571	71,734	5,611	5,719	6,155	5,475	6,055	6,328
Meat animals	39,748	40,917	38,893	40,832	38,274	39,131	3,044	3,130	3,533	3,152	3,549	3,782
Dairy products	18,095	18,234	18,763	17,944	18,071	17,824	1,513	1,534	1,551	1,399	1,538	1,507
Poultry and eggs	9,949	9,519	10,002	12,305	11,285	12,833	921	931	927	812	837	902
Other	1,358	1,579	1,801	1,968	1,941	1,945	134	125	144	112	132	136
Crops	72,465	72,553	67,099	69,408	74,353	64,170	4,036	8,052	6,914	2,883	2,938	2,360
Food grains	11,619	11,412	9,713	9,576	9,080	5,849	202	360	417	58	98	20
Feed crops	17,770	17,417	15,537	15,833	22,480	17,853	930	3,209	2,771	580	61	-190
Cotton (lint and seed)	4,055	4,457	3,705	3,270	3,721	2,920	44	397	500	137	69	-24
Tobacco	3,250	3,342	2,768	2,841	2,722	1,918	27	417	167	26	10	22
Oil-bearing crops	13,853	13,814	13,546	13,894	12,595	10,483	666	1,418	1,429	480	671	370
Vegetables and melons	8,772	8,186	8,466	9,159	8,561	8,734	816	455	738	560	819	883
Fruits and tree nuts	6,603	6,844	6,064	6,770	6,743	7,405	381	782	306	465	432	307
Other	6,543	7,083	7,302	8,066	8,451	8,907	870	1,013	588	577	778	975
Government payments	1,832	3,492	9,295	8,430	7,704	11,813	3,418	1,962	1,318	2,557	2,204	1,724
Total	143,548	146,294	145,854	150,887	151,628	147,716	13,065	15,733	14,387	10,914	11,198	10,412

* Receipts from loans represent value of commodities placed under CCC loans minus value of redemptions during the month.

Information contact: Roger Strickland (202) 786-1804.

Table 36.—Farm Production Expenses

	Calendar years									
	1977	1978	1979	1980	1981	1982 R	1983 R	1984 R	1985 R	1986 P
	$ million 2/									
Feed	13,967	16,036	19,314	20,971	20,855	18,592	21,725	19,852	18,015	16,179
Livestock	7,072	10,150	13,012	10,670	8,999	9,684	8,814	9,498	8,996	8,609
Seed	2,484	2,638	2,904	3,220	3,428	3,172	2,993	3,448	3,350	2,984
Farm-origin inputs	23,523	28,824	35,230	34,861	33,282	31,447	33,531	32,797	30,362	28,772
Fertilizer	6,529	6,619	7,369	9,490	8,409	8,018	7,067	7,429	7,258	5,787
Fuels and oils	4,356	4,609	5,635	7,879	8,570	7,888	7,503	7,143	6,584	4,790
Electricity	1,069	1,389	1,447	1,526	1,747	2,041	2,146	2,166	2,150	2,121
Pesticides	1,938	2,656	3,436	3,539	4,201	4,282	4,154	4,767	4,817	4,331
Manufactured inputs	13,892	15,273	17,887	22,434	23,927	22,230	20,869	21,506	20,810	17,029
Short-term interest	4,203	5,167	6,868	8,717	10,722	11,349	10,615	10,396	8,821	7,795
Real estate interest	4,329	5,060	6,190	7,544	9,142	10,481	10,815	10,733	9,878	9,131
Total interest charges	8,532	10,227	13,058	16,261	19,864	21,830	21,430	21,129	18,698	16,926
Repair and operation 3/	5,430	6,638	7,280	7,648	7,587	6,428	6,529	6,416	6,370	6,426
Hired labor	7,131	8,279	8,882	9,294	8,932	10,075	9,725	9,729	9,792	9,875
Machine hire and custom work	1,682	1,776	2,063	1,823	1,984	2,025	1,896	2,170	2,184	1,791
Dairy deduction	0	0	0	0	0	0	633	656	163	431
Other operating expenses 4/	6,129	7,703	9,047	9,378	9,865	12,367	13,243	15,878	13,721	11,942
Total operating expenses	20,372	24,396	27,732	28,143	28,368	30,895	32,026	34,849	32,230	30,465
Depreciation	15,493	16,963	19,345	21,474	23,573	23,481	22,990	20,205	19,978	18,089
Taxes	3,660	3,603	3,871	3,891	4,246	4,036	4,469	4,059	4,231	4,125
Net rent to non-operator landlord	3,412	3,963	6,182	6,075	6,184	6,059	5,060	8,124	7,387	6,646
Other overhead expenses	22,565	24,529	29,398	31,440	36,003	33,576	32,519	32,388	31,596	28,860
Total production expenses	88,884	103,249	123,305	133,139	139,444	139,978	140,375	142,669	133,696	122,052

1/ Includes operator household. 2/ Totals may not add due to rounding. 3/ Beginning in 1982, other operating expenses includes other livestock purchases and motor vehicle registration fees and insurance. 4/ Beginning in 1982 repairs and maintenance excludes motor vehicle registration fees and insurance. P = preliminary. R = revised.

Information contact: Richard Kodl (202) 786-1808.

Table 37.—CCC Net Outlays by Commodity & Function

(See the June 1987 issue.)

Information contact: Richard Pazadalski (202) 447-5148.

Transportation

Table 38.—Rail Rates; Grain & Fruit/Vegetable Shipments

	Annual			1986		1987				
	1984	1985	1986 P	May	Dec	Jan	Feb	Mar	Apr	May
Rail freight rate index 1/ (Dec 1984=100)										
All products	99.3	100.0	100.7	100.8	99.8	99.8	99.7 P	99.7 P	100.1 P	100.0 P
Farm products	98.7	99.0	99.6	99.8	98.5	98.9	98.5 P	98.7 P	99.3 P	97.9 P
Grain	98.6	98.3	98.9	99.2	97.8	98.3	97.8 P	98.0 P	98.7 P	96.9 P
Food products	99.1	100.1	99.9	99.6	98.4	98.4	98.4 P	98.4 P	98.6 P	98.7 P
Grain										
Rail carloadings (thou cars) 2/	27.2	22.9	24.3	17.7	24.8	23.0 P	26.7 P	27.3 P	25.3 P	25.7 P
Fresh fruit & vegetable shipments										
Piggy back (thou cwt) 3/ 4/	570	602	630	823	479 P	527 P	543 P	493 P	678 P	864 P
Rail (thou cwt) 3/ 4/	640	532	552	654	740 P	663 P	518 P	533 P	624 P	810 P
Truck (thou cwt) 3/ 4/	8,006	8,298	8,707	11,813	8,345 P	8,180 P	8,454 P	8,541 P	9,771 P	10,197 P
Cost of operating trucks hauling produce 5/										
Owner operator (cts/mile)	115.5	116.1	113.1	113.0	113.0	114.9	115.0	115.1	115.1	115.5
Fleet operation (cts/mile)	115.3	116.7	113.6	113.4	113.5	115.2	115.2	114.8	115.0	115.8

1/ Department of Labor, Bureau of Labor Statistics, revised March 1985. 2/ Weekly average; from Association of American Railroads. 3/ Weekly average; from Agricultural Marketing Service, USDA. 4/ Preliminary data for 1986 and 1987. 5/ Office of Transportation, USDA. P = preliminary.

Information contact: T.Q. Hutchinson (202) 786-1840.

Indicators of Farm Productivity

Table 39.—Indexes of Farm Production Input Use & Productivity

(See the Jan.-Feb. 1987 issue.)

Information contact: James Johnson (202) 786-1800.

Table 40.—Supply & Use of Major Pesticides

(See the Oct. 1986 issue.)

Information contact: Stan Daberkow (202) 786-1458.

Food Supply and Use

Table 41.—Per Capita Food Consumption Indexes (1967 = 100)

(See the Dec. 1986 issue.)

Information contact: Harry Harp (202) 786-1870.

Table 42.—Per Capita Consumption of Major Food Commodities (Retail Weight)

(See the Dec. 1986 issue.)

Information contact: Harry Harp (202) 786-1870.

A MAGAZINE FOR DECISIONMAKERS.

Yes. Start my subscription to AGRICULTURAL OUTLOOK right away. An annual subscription (11 issues plus a free yearbook) costs $26 ($32.50 to foreign addresses). For additional information, call (202)786-1494.

Enclosed is my check or money order for $_____. Make payable to USDA/ERS and mail to: ERS Publications, USDA, Room 228, 1301 New York Ave., N.W., Washington, DC 20005-4788.

OFFICE USE ONLY
Date
Amount
Pubs Req'd
First Issue
Last Issue

Name _____ Company or Organization _____

Street Address or Post Office Box No. _____

City _____ State _____ Zip Code _____ Daytime Phone No. _____

United States
Department of Agriculture
Washington, DC 20250

OFFICIAL BUSINESS
Penalty for Private Use, $300

FIRST-CLASS MAIL
POSTAGE & FEES PAID
U.S. Dept. of Agriculture
Permit No. G-145

Moving? To change your address, send this sheet with label intact, showing new address, to EMS Information, Rm. 228, 1301 New York Ave., N.W., Washington, D.C. 20005-4788

Outlook '87 Proceedings & Charts

Proceedings and charts from USDA's 63rd Agricultural Outlook Conference, held in Washington, D.C., last December are available in two special publications.

The 660-page Outlook '87 Proceedings includes more than 80 speeches covering the domestic and world agricultural outlook, effective marketing strategies, and prospects for U.S. farming in the late 1980's. $15 per copy.

Outlook '87 Charts offers reproductions of almost 190 charts and tables shown by Conference speakers. Each black and white chart measures 4½ by 5½ inches for easy reproduction or use in overhead transparencies. $2.75 ($3.50 foreign) per issue.

Please send me _____ copy (ies) of Outlook '87 Proceedings at $15 each.

Please send me _____ copy (ies) of Outlook '87 Charts at $2.75 ($3.50 foreign).

Enclosed is my check or money order for $_____. (No billings or invoices.)

Please print or type

Name

Company or organization

Street address or P.O Box

City State Zipcode

Return this entire form and payment to :

Outlook '87
EMS/USDA Room 228
1301 New York Avenue, N.W.
Washington, D.C. 20005-4789

For additional information,
(202)786-1494